

State of Iowa

71s.
Iowa Assembly

FISCAL REPORT 1986 SESSION

Including Enrolled Bills

Legislative Fiscal Bureau
June, 1986



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STATE CAPITOL
DES MOINES, IOWA
50319

STATE OF IOWA

LEGISLATIVE FISCAL BUREAU

July 1, 1986

Members of the 71st General Assembly of Iowa
and Other Interested Citizens:

The Fiscal Report, issued by the Legislative Fiscal Bureau, compiles the appropriations and ways and means actions passed during the 1986 session of the 71st General Assembly. Also included is a synopsis of the reorganization of state government as contained in S.F. 2175 and a summary of program evaluations and research completed since our last Fiscal Report,

This report is intended to aid legislators, state officials and others as a comprehensive reference containing general fund receipts, appropriations (including non-general fund), bill summaries, and copies of enacted legislation.

If you have questions, please contact a member of the Legislative Fiscal Bureau staff.

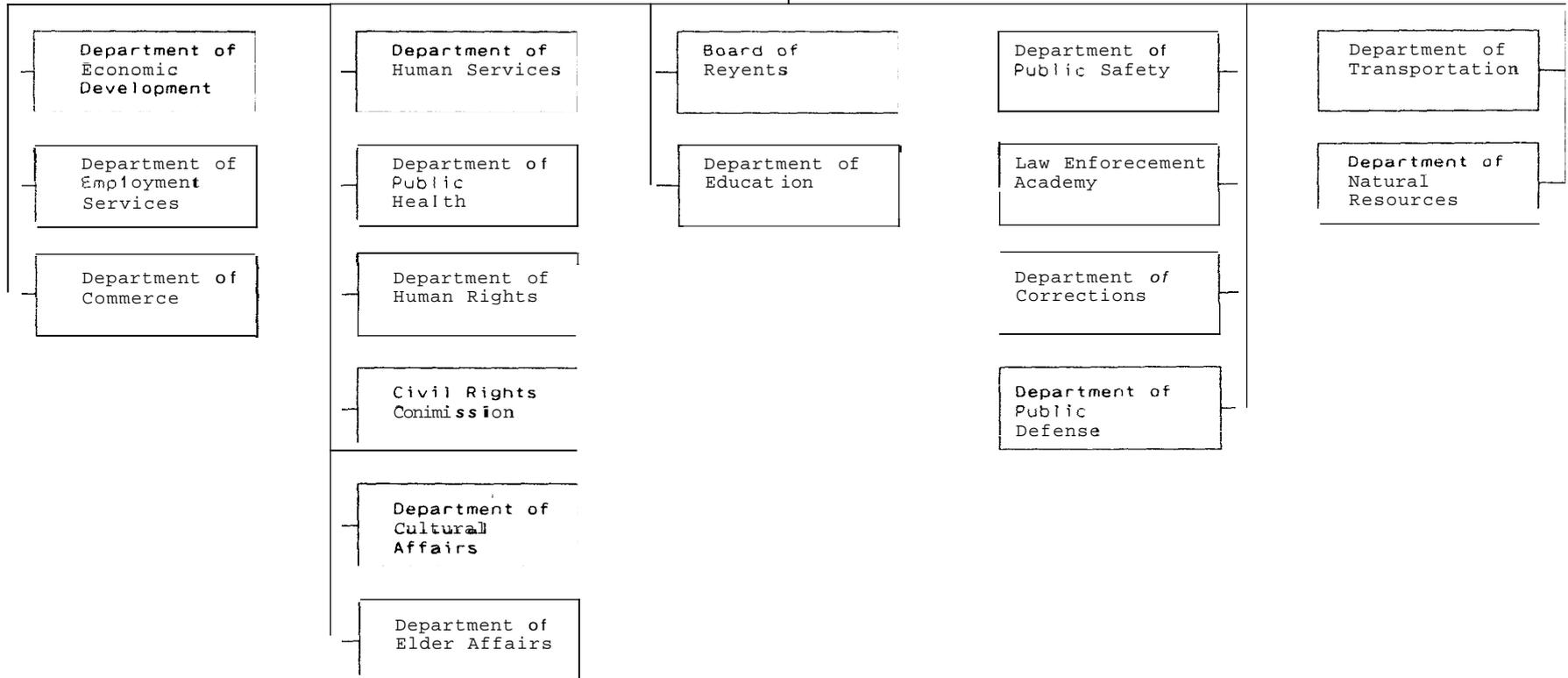
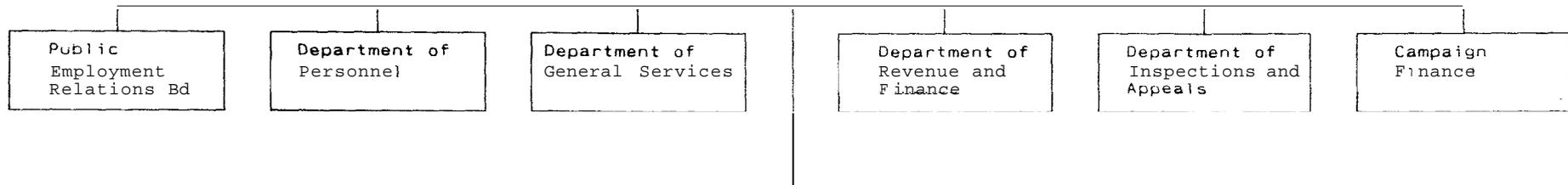
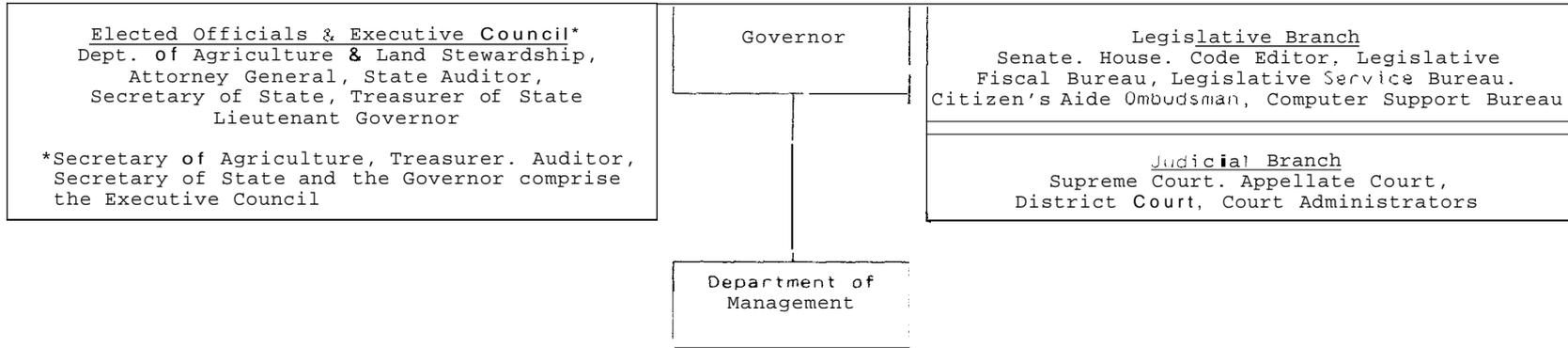
Yours truly,

Dennis C. Prouty
Director

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REORGANIZATION OF STATE GOVERNMENT



STATE OF IOWA

OVERVIEW AND ORGANIZATION CHART

Senate File 2175 relates to the organization and structure of certain departments of state government.

1. Department of Management
2. Department of Personnel
3. Department of General Services
4. Department of Revenue and Finance
5. Department of Inspections and Appeals
6. Department of Agriculture and Land Stewardship
7. Department of Commerce
8. Department of Justice (Attorney-General)
9. Department of Economic Development
10. Department of Human Rights
11. Department of Public Health
12. Department of Elder Affairs
13. Department of Cultural Affairs
14. Department of Education
15. Department of Corrections
16. Department of Public Safety
17. Department of Public Defense
18. Department of Natural Resources
19. Department of Transportation
20. Department of Employment Services

Senate File 2175 lists the following agencies as separate entities: **The** Civil Rights Commission; the Public Employment Relations Board; the Campaign Finance Disclosure Commission, and the Iowa Law Enforcement Academy.

The bill allows those persons serving on the boards, commissions, and councils of the state who currently do not receive per diem to receive it if the member's income level is within 150 percent of the most recently revised poverty income guidelines published by the U.S. Department of Health and Human Services.

OVERVIEW AND ORGANIZATION CHART

Senate File 2175 requires the Governor (except a newly elected Governor) to submit proposed bill drafts to the Legislative Service Bureau by the Friday before each legislative session convenes. The bill also requires reconfirmation every four years of a gubernatorial appointee who is confirmed upon appointment and serves at the pleasure of the Governor. Portions of the authorizing language of the Legislative Oversight Bureau are transferred to the Legislative Fiscal Bureau; the Oversight Bureau is repealed. The executive director *of* the Department of Management is required to submit certain reports to the Fiscal Bureau by certain dates, and the Department of Management is required to inform the Fiscal Bureau before implementing any new accounting or budgeting system.

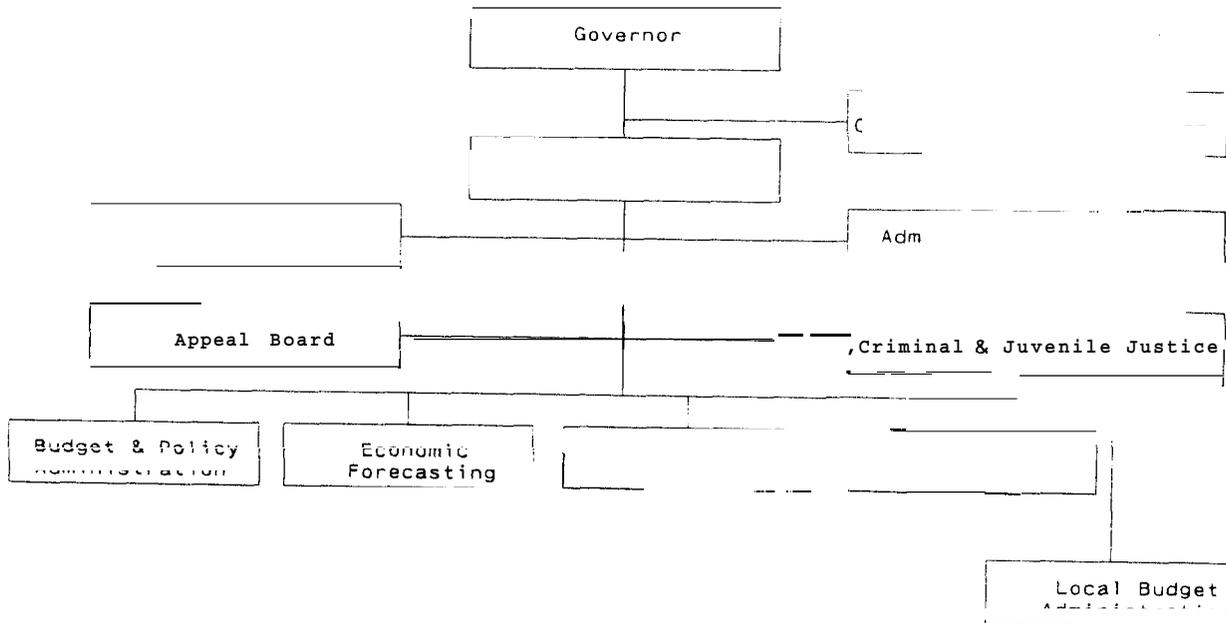
STATE OF IOWA

OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF MANAGEMENT

Overview

The Department of Management is created by combining almost all of the authority of the State Comptroller under Chapter 8, the planning authority of the Office for Planning and Programming, the budget authority of the County Finance Committee and City Finance Committee and the authority of the Criminal and Juvenile Justice Planning Agency. The Communications Advisory Council is repealed and the administration of state employee worker's compensation is transferred to the Department of Personnel. The financial management division of the Comptroller's Office is transferred to the Department of Revenue and Finance. Collective bargaining negotiation and administration is moved from the Comptroller's Office to the Department of Personnel. The Department of Management shall assist the director of the Department of Economic Development in establishing and implementing the Iowa targeted small business procurement act and the targeted small business loan guarantee program. The Department may impose appropriate sanctions on individual state agencies, including the State Board of Regents and its institutions in order to ensure compliance with state programs emphasizing equal opportunity through affirmative action, contract compliance policies, and requirements for procurement set-asides for targeted small businesses.



OVERVIEW AND ORGANIZATION CHART

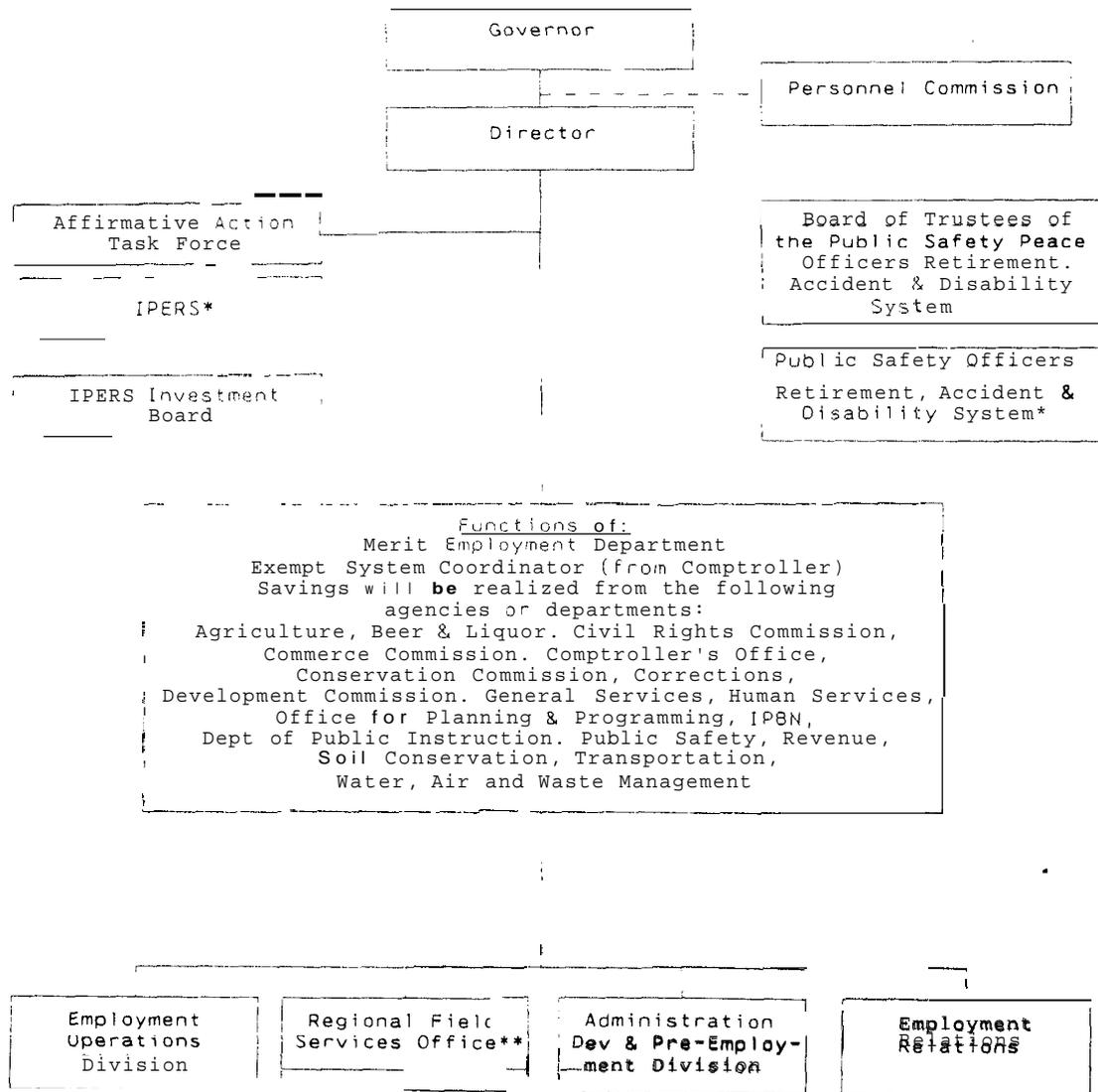
DEPARTMENT OF PERSONNEL

Overview

The Department of Personnel is created as the central agency responsible for state personnel management. The Department includes functions from the present Merit Employment Department, with the director of the Department taking over most duties now assigned to the Merit Employment Commission. The new department also includes some personnel functions presently assigned to the Executive Council and the State Comptroller. It also includes the Public Employees' Retirement System (IPERS) and the Department of Public Safety Peace Officers' retirement, accident, and disability system. The director may establish regional field service offices staffed by employees of the executive departments in which they are located.

The director of the Department would be appointed by the Governor, subject to confirmation by the Senate. The Merit Employment Commission is renamed the Personnel Commission and retains rulemaking powers. The commission will approve the pay and classification plans (formerly a function of the Executive Council). The Public Employment Relations Board will hear exempt employee grievances, formerly heard by the Merit Employment Commission. Collective bargaining negotiation and administration is moved from Comptroller's Office to the Department of Personnel. The Department is responsible for the administration and promotion of equal opportunity and affirmative action efforts of all state agencies except the Board of Regents and the institutions under its jurisdiction. The Board of Regents is responsible for the same provisions for their institutions.

STATE OF IOWA
OVERVIEW AND ORGANIZATION CHART



* Maintained as distinct & independent system within the Department. IPERS director is appointed by the Personnel Director.

**The Director may establish regional field service offices staffed by employees of the Executive Departments in which they are located. Plans are to have field service offices in the Department of Job Service, Corrections, Human Services and Transportation.

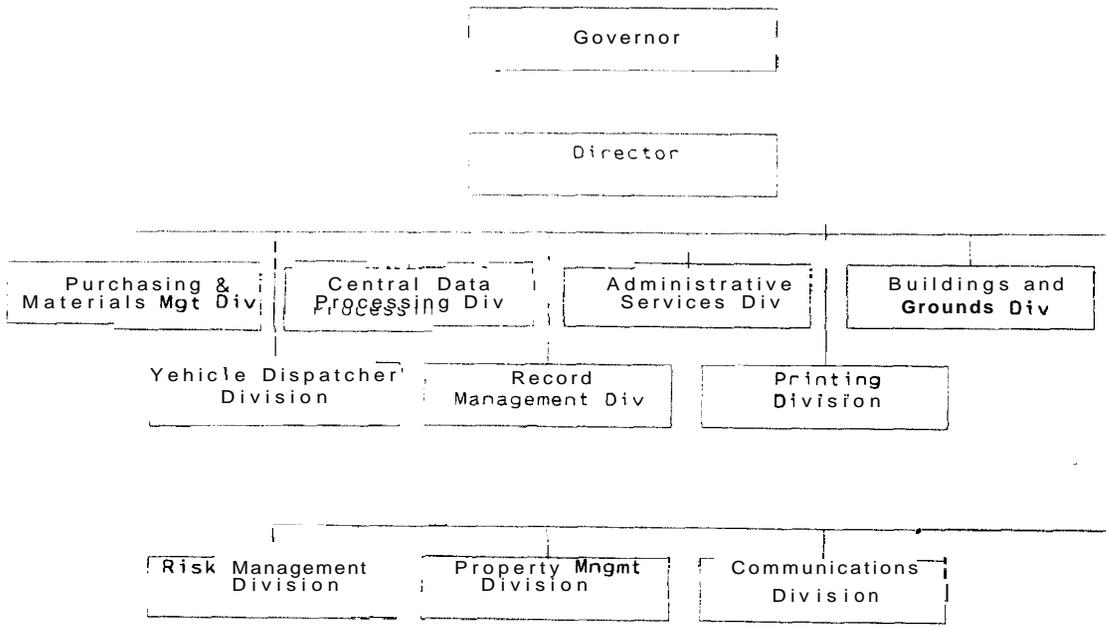
STATE OF IOWA

OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF GENERAL SERVICES

Overview

The reorganization of the Department of General Services transfers the data processing functions and facilities of the comptroller to the Department, provides the Department with the duty of coordinating the leasing of office space away from the seat of government, and provides the Department control over the construction at institutions under the management of the Department of Corrections and the Department of Human Services. The Department shall not provide or resell communications services to entities other than state agencies. However, political subdivisions receiving communications services from the state as of April 1, 1986 may continue to do so until January 1, 1988.



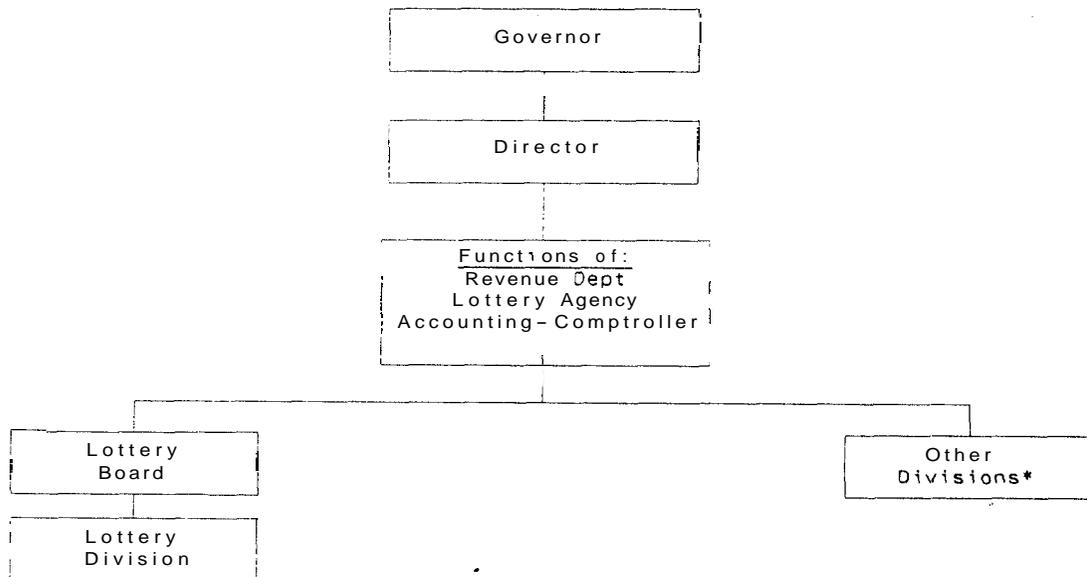
STATE OF IOWA

OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF REVENUE AND FINANCE

Overview

The proposed Department of Revenue and Finance shall consist of the existing Department of Revenue, the existing Iowa Lottery Agency and accounting functions of the Comptroller's Office. The Lottery Agency shall be established as a separate division of the Department of Revenue and Finance. The Department is not required to establish a separate Property Tax Division. The Reassessment Expense Fund Committee and an Assessment Education Committee are eliminated.



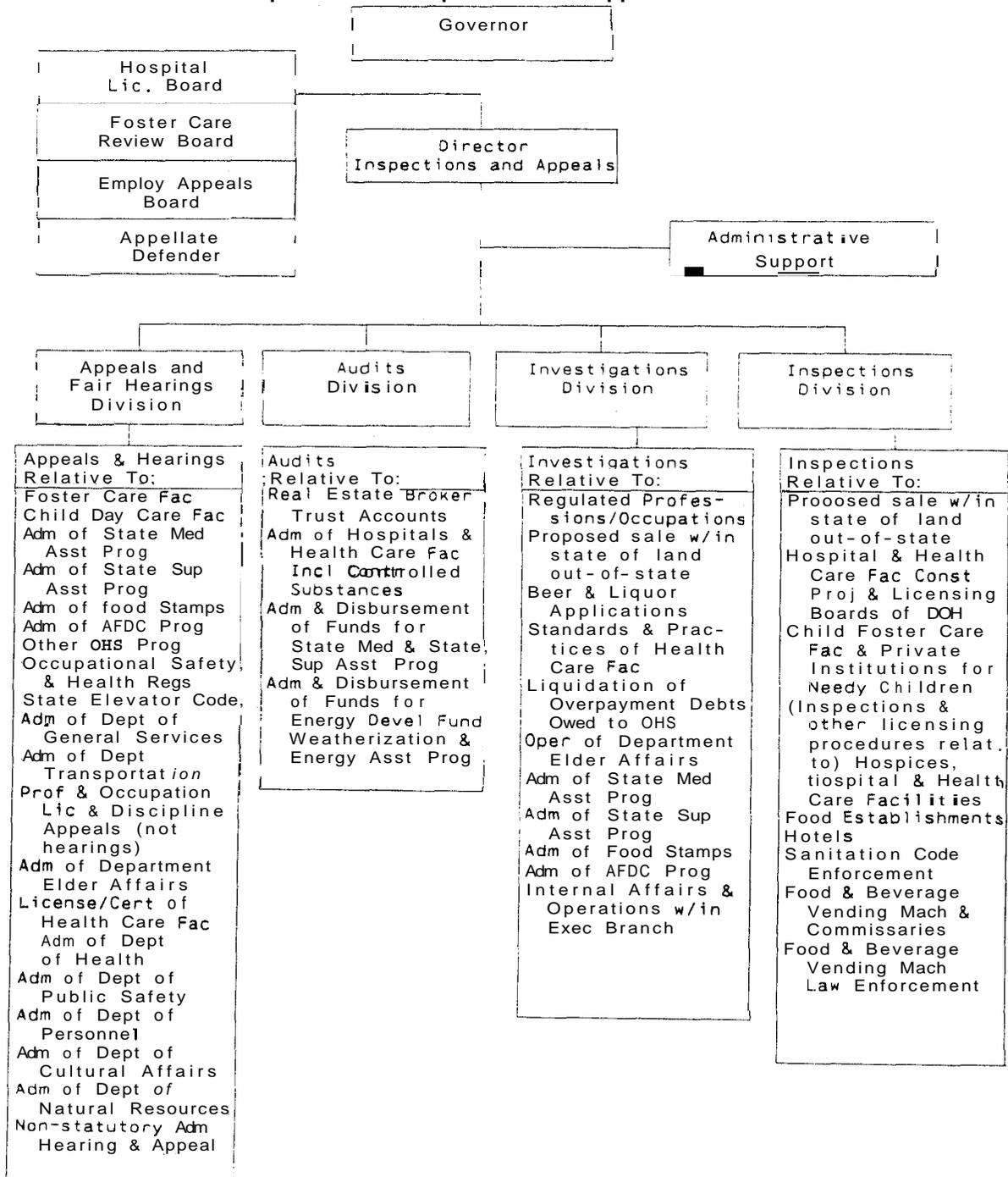
*The director of Revenue and Finance may create divisions within the department.

STATE OF IOWA
OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF INSPECTIONS AND APPEALS

Overview

The Department of Inspections and Appeals is established to coordinate and conduct appeal hearings, audits, investigations and inspections which are currently the responsibility of some 23 separate state agencies. In addition, this Department has relocated within it the State Appellate Defender's Office, the senate-confirmed seven-member Foster Care Review Board and five-member Hospital Licensing Board. The bill also establishes an Employment Appeals Board within the Department of Inspections and Appeals.



STATE OF IOWA

OVERVIEW AND ORGANIZATION CHART

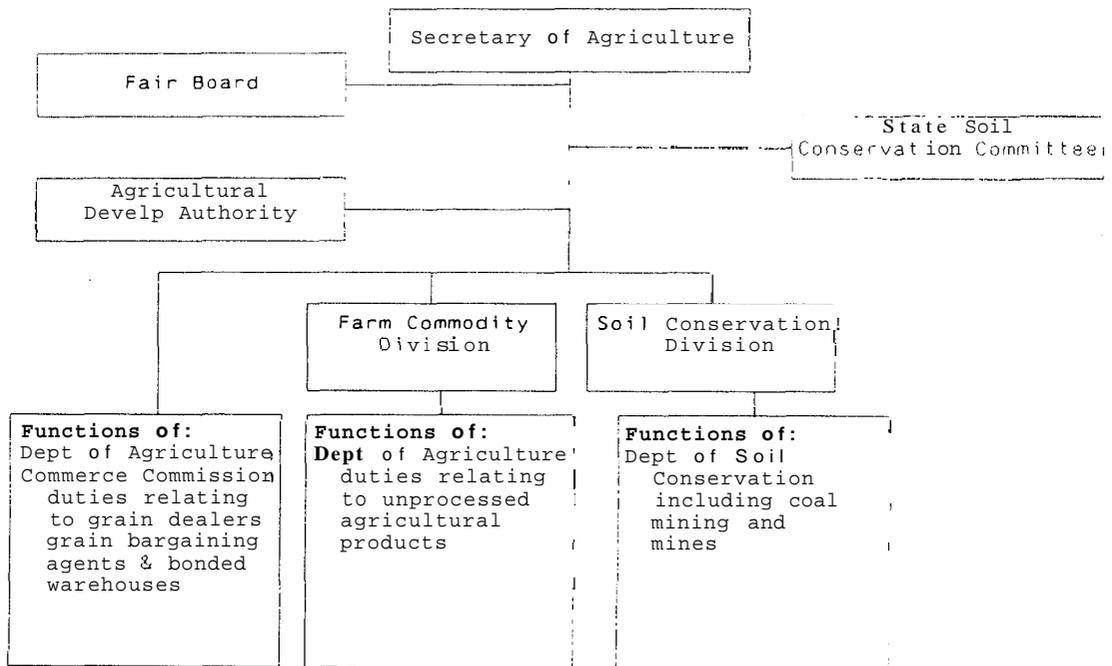
ELECTED OFFICIAL - DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP

Overview

The Department of Agriculture is renamed the Department of Agriculture and Land Stewardship. The soil and water conservation and the coal mining and mines responsibilities of the Department of Soil Conservation are transferred to the Department of Agriculture and Land Stewardship. A Division of Soil Conservation is established within the Department to carry out these responsibilities. Conservancy Districts are renamed Watershed Planning Districts. Effective July 1, 1988, Iowa Code sections relating to Watershed Planning Districts are repealed. The State Soil Conservation Committee retains its authority to make policy and approve rules proposed by the Soil Conservation Division, relating to Chapters 83 and 83A and Chapters **467A** through 467D. The Land Rehabilitation Advisory Board is abolished and its powers and duties are repealed. Duties relating to grain dealers, grain bargaining agents, and bonded warehouses that are currently performed by the Commerce Commission are transferred to the Department of Agriculture and Land Stewardship. A Farm Commodity Division is created within the Department to deal with unprocessed agricultural commodities. The Agricultural Marketing Board is **abolished**.

The Iowa State Fair Board is transferred to the Department of Agriculture and Land Stewardship. The Secretary of Agriculture will appoint the Board Secretary from a list of three (3) candidates recommended by the Board. The Iowa Family Farm Development Authority is renamed the Agricultural Development Authority and is transferred to the Department of Agriculture and Land Stewardship. The Secretary of Agriculture will appoint the Director of the Agricultural Development Authority and may provide staff assistance and support.

STATE OF IOWA
OVERVIEW AND ORGANIZATION CHART

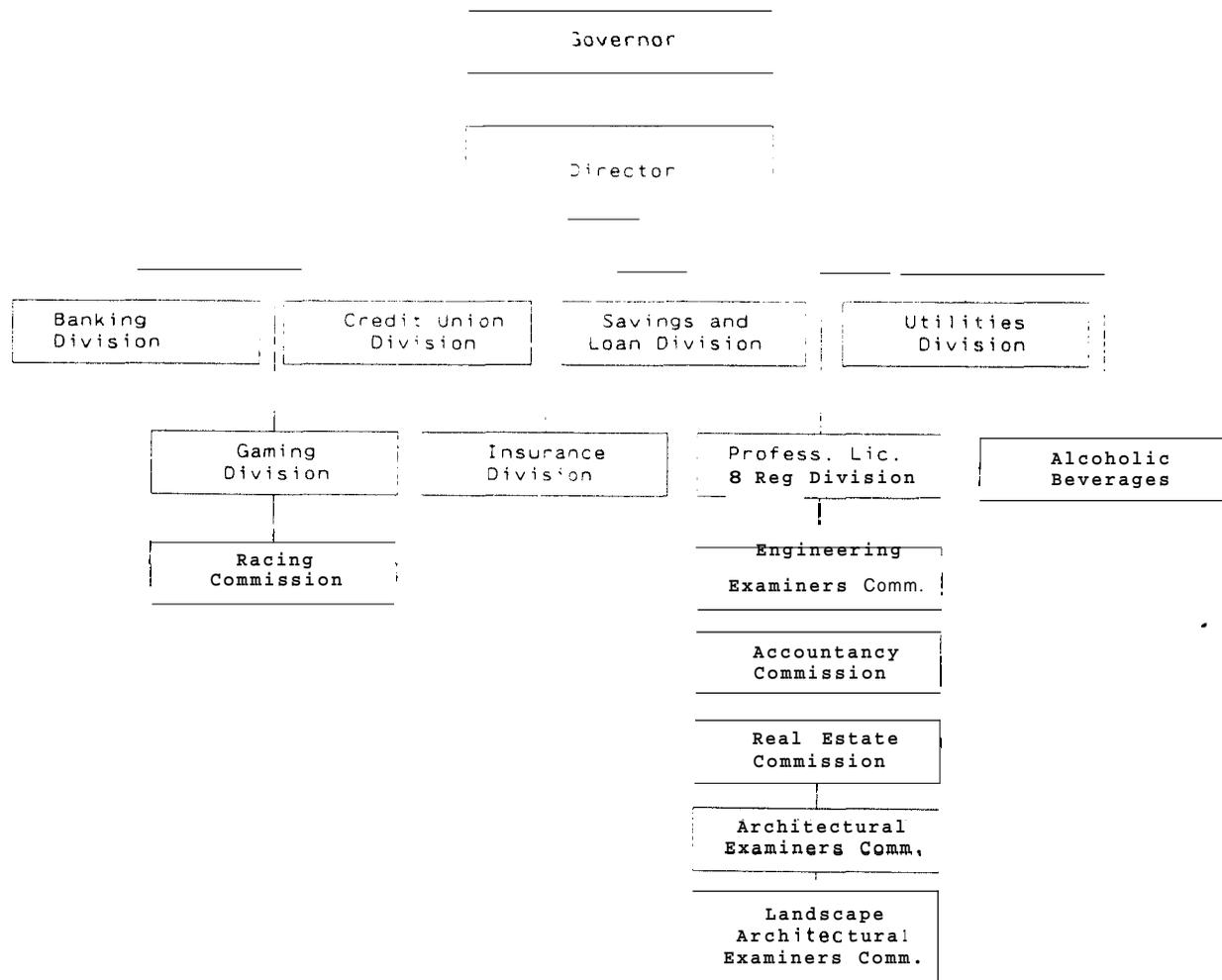


STATE OF IOWA
OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF COMMERCE

Overview

The Department of Commerce consists of eight individual divisions: banking, credit union, savings and loan, gaming, utilities, insurance, alcoholic beverages, and professional licensing and regulation. The gaming division shall include the state racing commission. The professional licensing and regulation division shall administer and coordinate five separate licensing boards: the commission of engineering and land surveying examiners, the commission of accountancy, the real estate commission, the commission of architectural examiners, and the commission of landscape architectural examiners. The utilities division shall provide administrative support to the consumer advocate division of the department of justice.



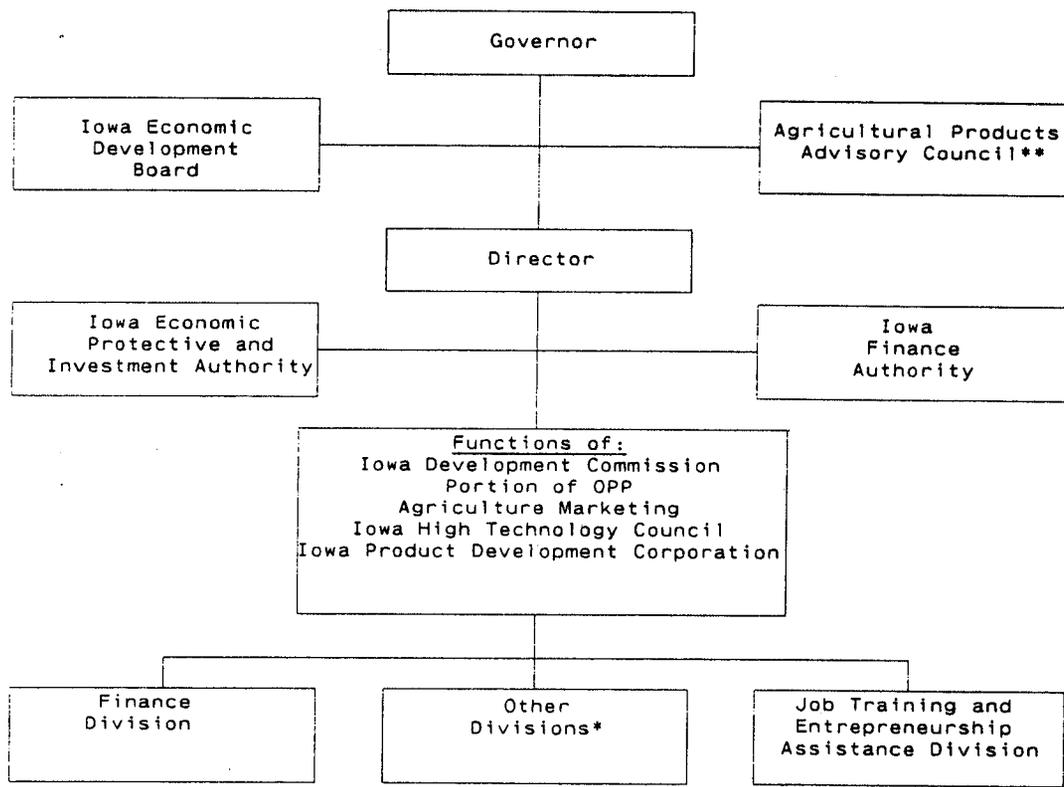
OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF ECONOMIC DEVELOPMENT

Overview

The Department of Economic Development is created with powers and duties which are presently in the Iowa Development Commission, some that are in the Office for Planning and Programming, part of the Agricultural Marketing Division of the Department of Agriculture, the Iowa Product Development Corporation, the Iowa High Technology Council and others. There is also established a **16** member board, with 9 voting and 7 **non-voting** members, the Secretary of Agriculture being one of the voting members. The act eliminates the Agricultural Marketing Board, creates the Agricultural Products Advisory Council, eliminates the authority to incorporate the venture capital fund corporation, eliminates the Rural Community Development Committee, and creates the Iowa Business and Industry Information and Training Network. Additionally, the Act provides that the Treasurer's office shall coordinate the activities of all bonding authorities except the Board of Regents. For organizational purposes only, the Iowa Finance Authority and the Iowa Protective and Investment Authority shall be considered parts of **the** department. The Department and Director shall implement 1985 Iowa Code, Chapter 73, administer any **federal** rural economic development programs, establish a federal procurement office, allows the establishment of the Iowa Export and Trading Company and may create a small business advisory council. The act also establishes a target small business loan guarantee program and a targeted small business procurement program. The Department, in conjunction with the department of management may establish advisory groups interested in the loan guarantee program.

STATE OF IOWA
OVERVIEW AND ORGANIZATION CHART



* The director may create other divisions upon consultation with the Iowa Economic Development Board.
 ** The director may create other advisory councils and groups.

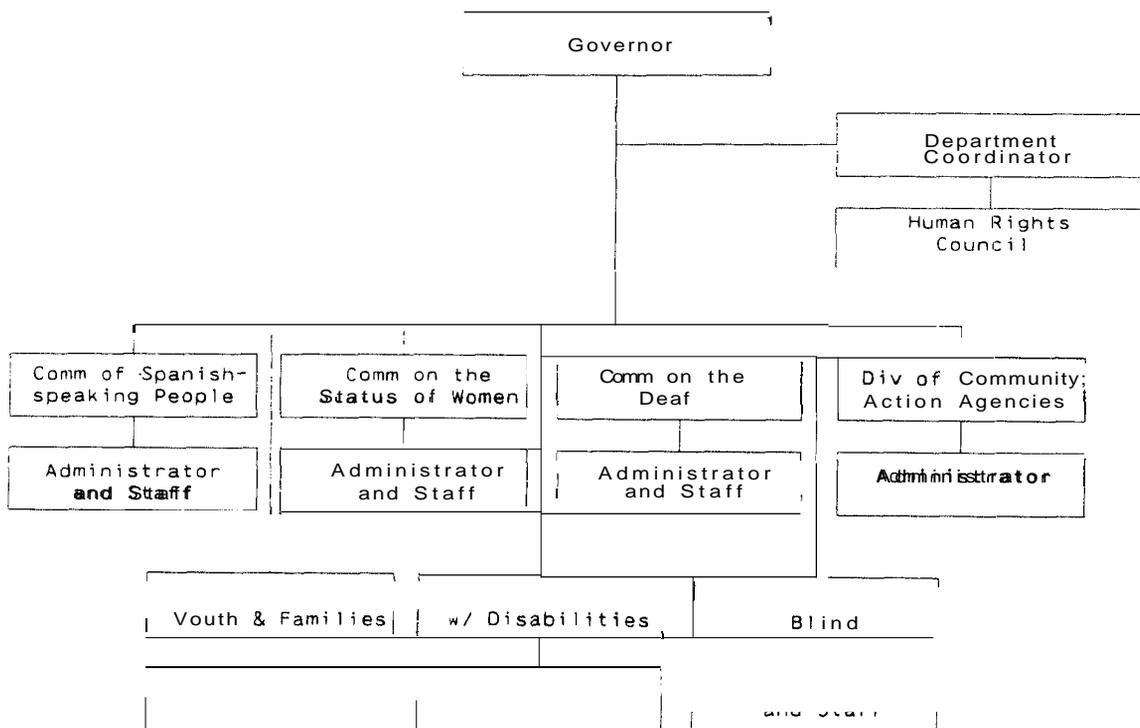
STATE OF IOWA

OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF HUMAN RIGHTS

Overview

The Department of Human Rights is formed by merging the functions of the following agencies: (1) Commission on the Status of Women; (2) Commission for the Blind; (3) Spanish-speaking Peoples Commission; (4) Commission on Children, Youth, and Families, and (5) Governor's Committee on the Employment of the Handicapped. The Deaf Services portion of the Community Health Division of the Department of Health is also included in the Department of Human Rights. In addition, the Division of Community Action Agencies is created to strengthen, supplement, and coordinate the efforts of the Community Action Agencies. A Department Coordinator is created in the Department of Human Rights; the Coordinator is appointed by the Governor. Each Division Administrator and all members of the policy-making commissions are appointed by the Governor, and the commission of each division is responsible for the personnel of the respective division. This Department is terminated on July 1, 1987.

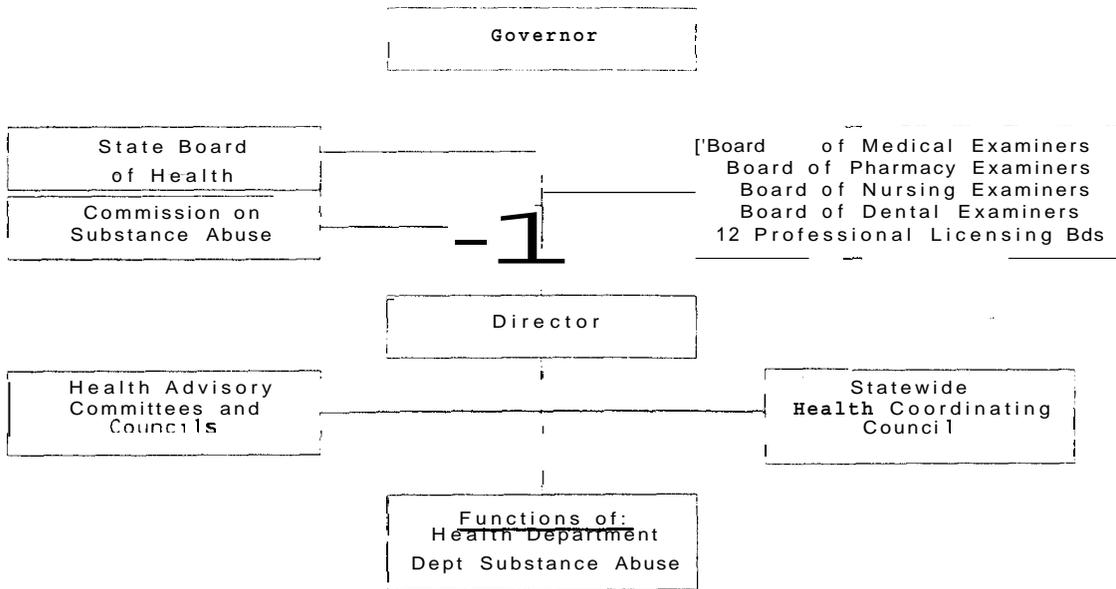


OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF: PUBLIC HEALTH

Overview

The Department of Public Health is formed by combining the Department of Health, the Department of Substance Abuse and locating the offices of the Boards of Dental Examiners, Medical Examiners, Nursing Examiners and Pharmacy Examiners within the Department. Each of these Boards, plus the Board of Health and the Commission on Substance Abuse, retain the majority of their roles. The Health Care Facilities Division and hospice inspection functions are transferred to the Department of Inspections and Appeals. The Mobile Home and Parks Licensing function is transferred to local authorities.

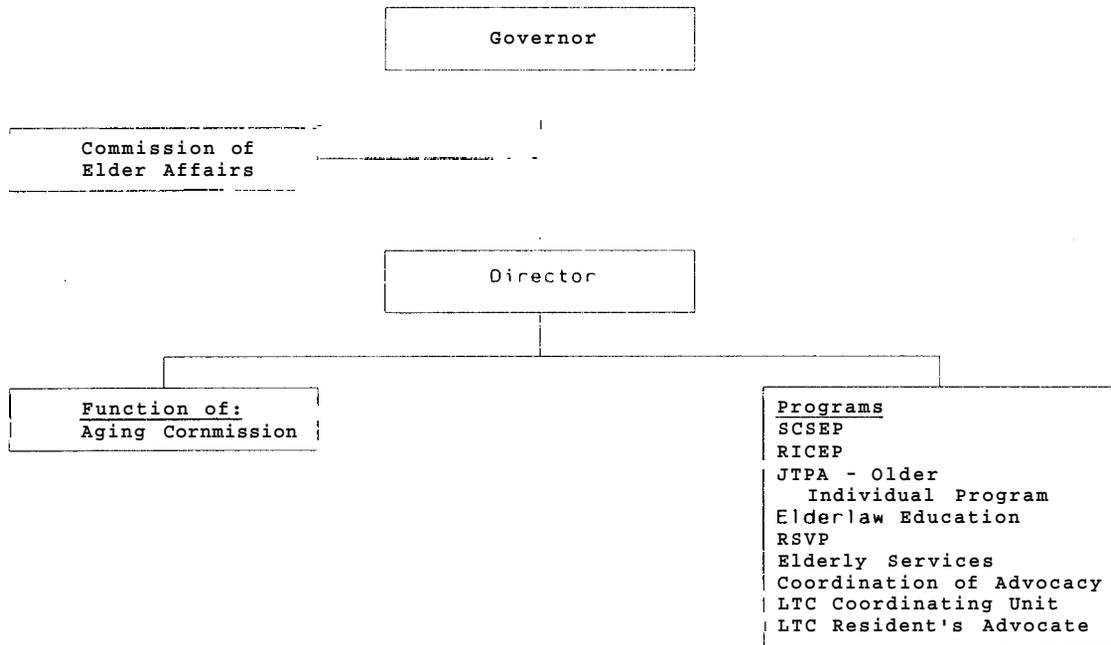


OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF ELDER AFFAIRS

Overview

The Department of Elder Affairs is the present Commission on the Aging. In addition to current responsibilities, the Department assumes certain duties including a portion of the administrative responsibility for the Training Older Iowans portion of the Job Training Partnership Act and the Retired Seniors Volunteer Program.

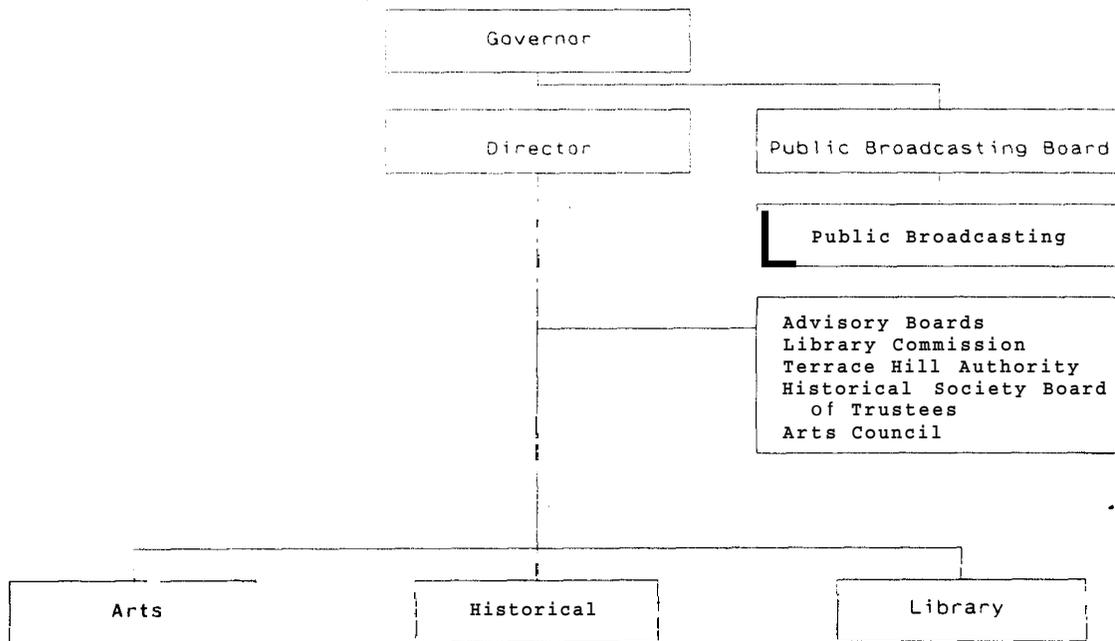


OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF CULTURAL AFFAIRS

Overview

The Department of Cultural Affairs combines the Historical Department, Arts Council, State Library, Department of Public Broadcasting, and Terrace Hill Authority into the Department of Cultural Affairs. The bill also transfers the administration of the Community Cultural Block Grants from the Office of Planning and Programming to the Arts Division of the Department of Cultural Affairs. The Public Broadcasting Board and the Library Commission retain the authority to appoint their directors.

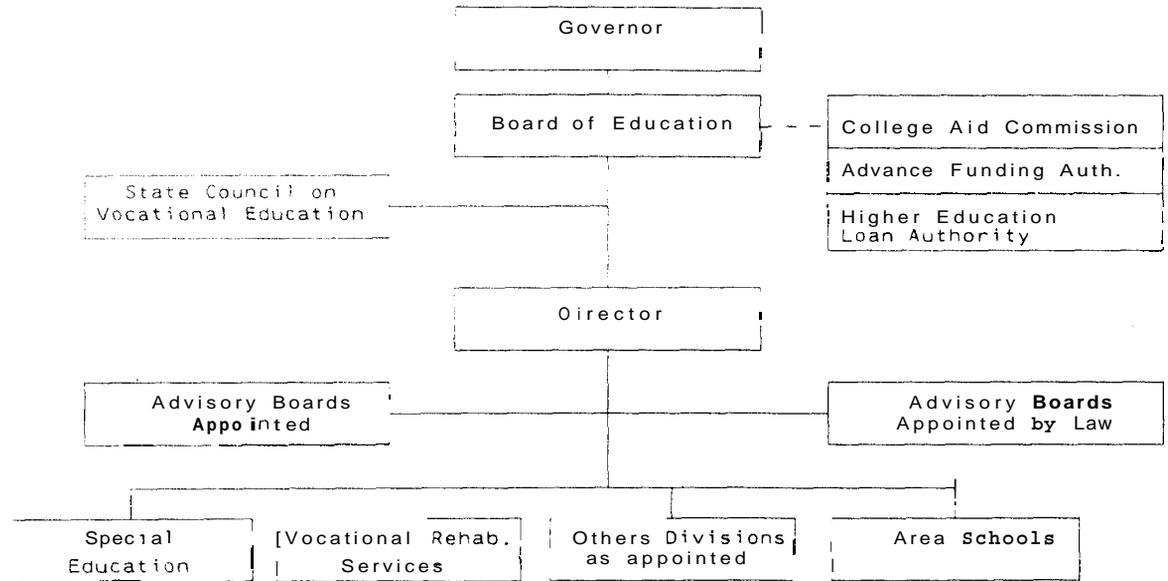


STATE OF IOWA
OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF EDUCATION

Overview

The Department of Education is formed by creating a State Board of Education which has the same number of members and term of office as those for the State Board of Public Instruction. The director for the Department of Education will be appointed by the Governor. The Department of Public Instruction structure remains the basis for the Department. Vocational Rehabilitation becomes a division of the Department of Education. The administrative functions of the First in the Nation in Education Foundation will be carried out by the Department of Education, except that the foundation will have an executive director. The Iowa Advance funding Authority and College Aid Commission are organizationally placed under the Department of Education. The Higher Education Loan Authority is under College Aid Commission for administrative purposes.



OVERVIEW AND ORGANIZATION CHART

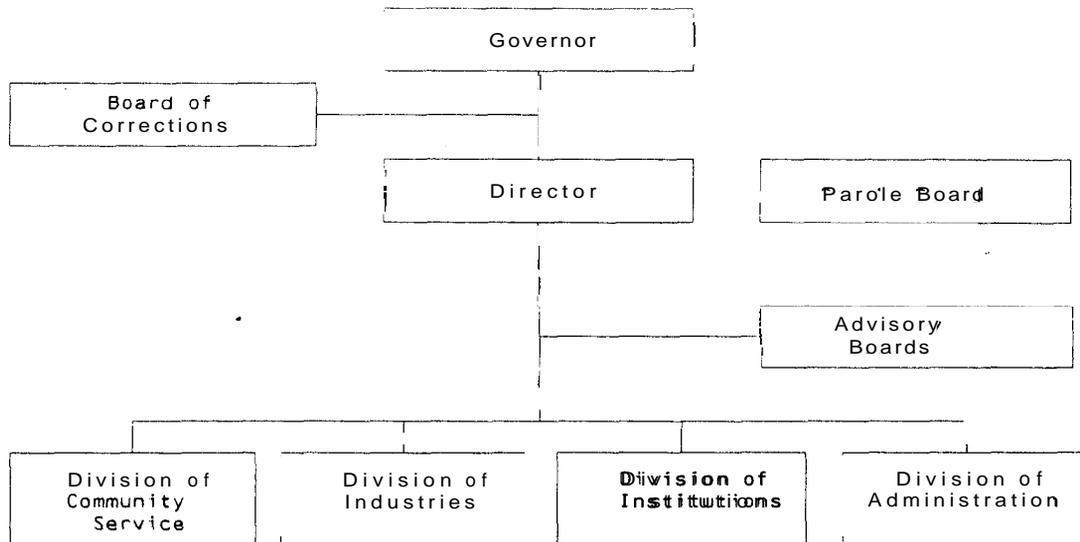
DEPARTMENT OF CORRECTIONS, BOARD OF PAROLE

Overview

The Board of Corrections is given the authority to approve locations for all state institutions which are penal, reformatory, or corrective. The Department of Corrections is required to maintain a correctional training center at the Mount Pleasant correctional facility.

The board of parole will become a five member board with three full-time members and two part-time members. Transition language and minimum requirements for the new board's composition are included. A risk assessment program is created under the board of parole to provide risk assessment analysis. The Department of Corrections is required to provide routine administrative support and services to the board of parole.

The duties of the work release committee are transferred to the director of the department of corrections. The board of parole's involvement in work release is increased; the board determines by majority vote the placement of inmates on work release status, and will specify the terms and conditions for participation in the program. An inmate on work release may be revoked by any member of the board.



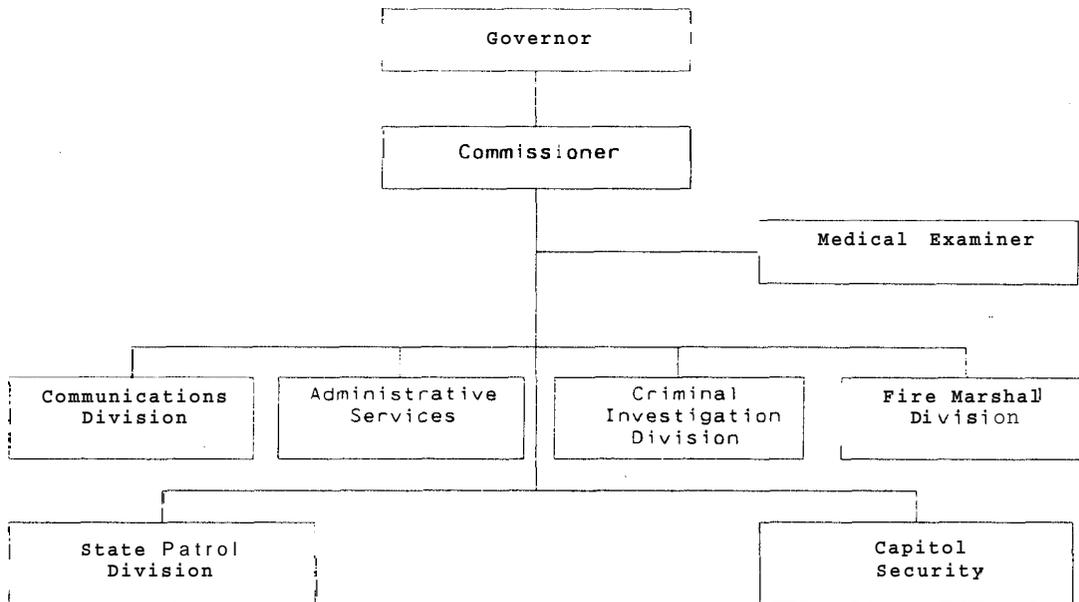
STATE OF IOWA

OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF PUBLIC SAFETY

Overview

The office of the Medical Examiner is placed under the supervision of the commissioner of the Department of Public Safety. The commissioner is given authority to assign the Medical Examiner's office to an existing bureau or division, to approve rules adopted by the Medical Examiner, **and** to accept grants and funds for the office. Other state agencies are required to cooperate with the State Medical Examiner in the use of state owned facilities when appropriate for the performance of non-administrative duties.



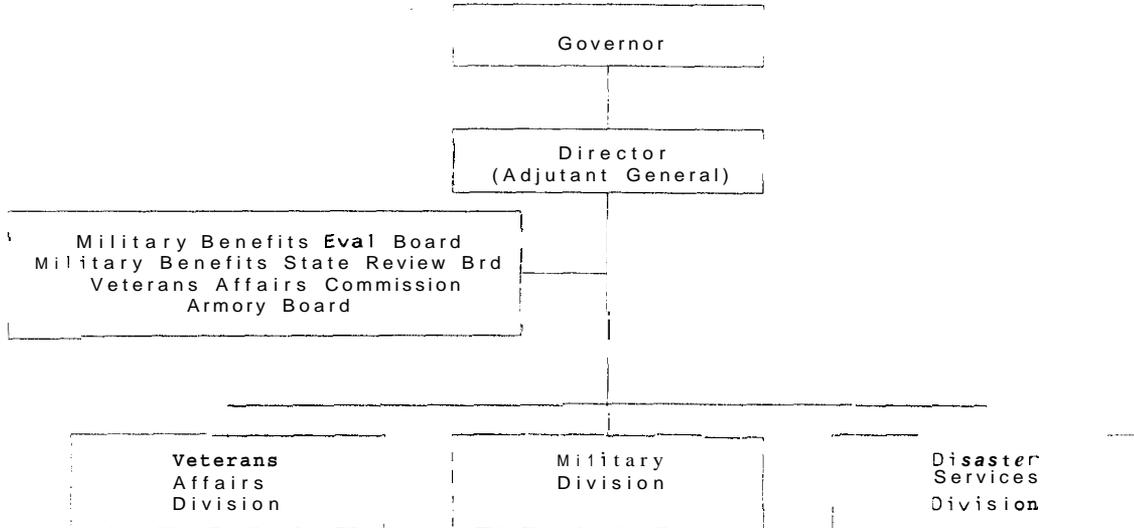
STATE OF IOWA

OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF PUBLIC DEFENSE

Overview

The Department of Public Defense is reorganized by including within it the Iowa Department of Veterans Affairs as a separate division of the department. The authority to establish policy and adopt rules is removed from the Veterans Affairs Commission and given to the administrator of the Veterans Affairs Division.



OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF NATURAL RESOURCES

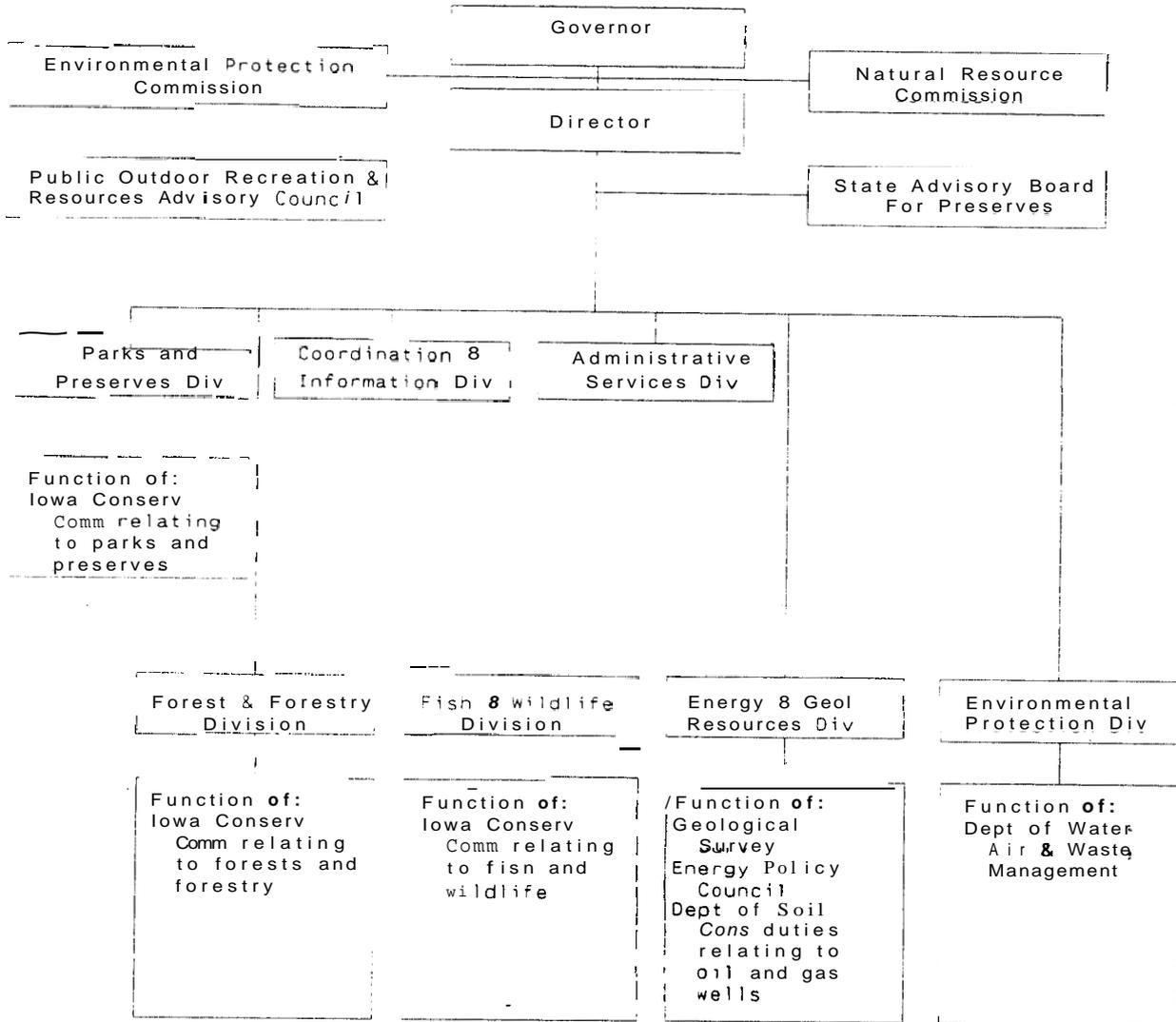
Overview

The proposed Department of Natural Resources combines several natural resource agencies into one new department. The current duties of the Iowa Conservation Commission are carried out by three divisions created within the Department of Natural Resources: Parks and Preserves Division, Forests and Forestry Division, and Fish and Wildlife Division. Four other divisions are created within the Department of Natural Resources: Coordination and Information Division; Administrative Services Division; Energy and Geological Resources Division; and Environmental Protection Division. The responsibilities of the Energy and Geological Resources Division include those currently belonging to the Iowa Geological Survey, the Energy Policy Council, and the Department of Soil Conservation relating to oil and gas regulation. The Environmental Protection Division is responsible for functions currently carried out by the Department of Water, Air and Waste Management.

The State Conservation Commission is renamed the Natural Resource Commission with authority to approve or disapprove the acquisition or disposal of state lands and waters and to establish policy, adopt rules, and hear appeals, relating to snowmobile regulations and to the functions of the Parks and Preserves Division, the Forests and Forestry Division, and the Fish and Wildlife Division. The Water, Air and Waste Management Commission becomes the Environmental Protection Commission with authority to establish policy, adopt rules, hear appeals, and approve or disapprove the issuance of hazardous waste site licenses, relating to the functions of the Environmental Protection Division. Individuals may seek civil action against violators of any provision of chapter 4558 or against the director, Environmental Protection Commission, or department employee, for alleged failure to perform any duty specified in 4558.

The Certification Board for Waterworks and Waste Waterworks Operators, currently within the Department of Water, Air, and Waste Management, is abolished. The Hazardous Chemicals Information Interagency Coordinating Council is abolished and its powers and duties are repealed with the exception of the authority provided in Section 455D.17 (pertaining to the expansion of hazardous chemicals and hazardous waste lists) which is transferred to the Department.

STATE OF IOWA
OVERVIEW AND ORGANIZATION CHART

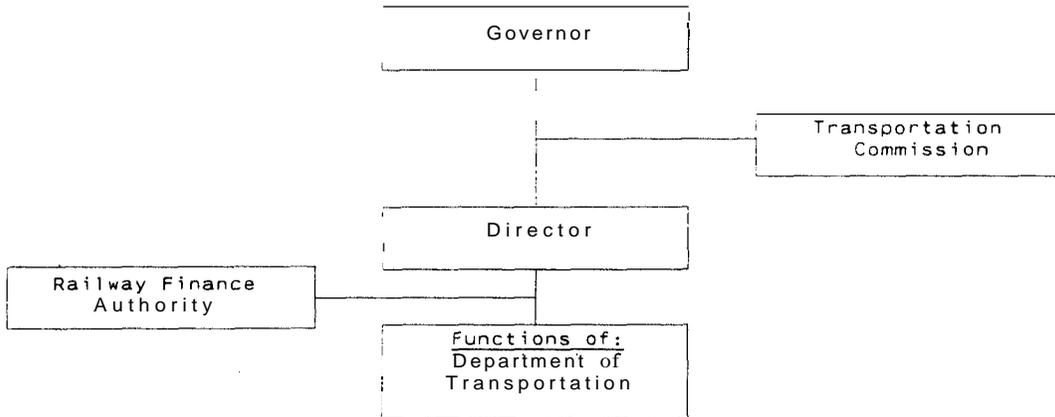


OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF TRANSPORTATION

Overview

The Department of Transportation and state Transportation Commission are restructured. The director of Transportation is appointed by the Governor, subject to confirmation of the Senate, and serves at the pleasure of the Governor. Under current law, the director is appointed and serves at the pleasure of the Transportation Commission. The Transportation Regulatory Authority is abolished and its functions and responsibilities are transferred within the Department of Transportation. The Railway Finance Authority is within the Department of Transportation for organizational purposes only.

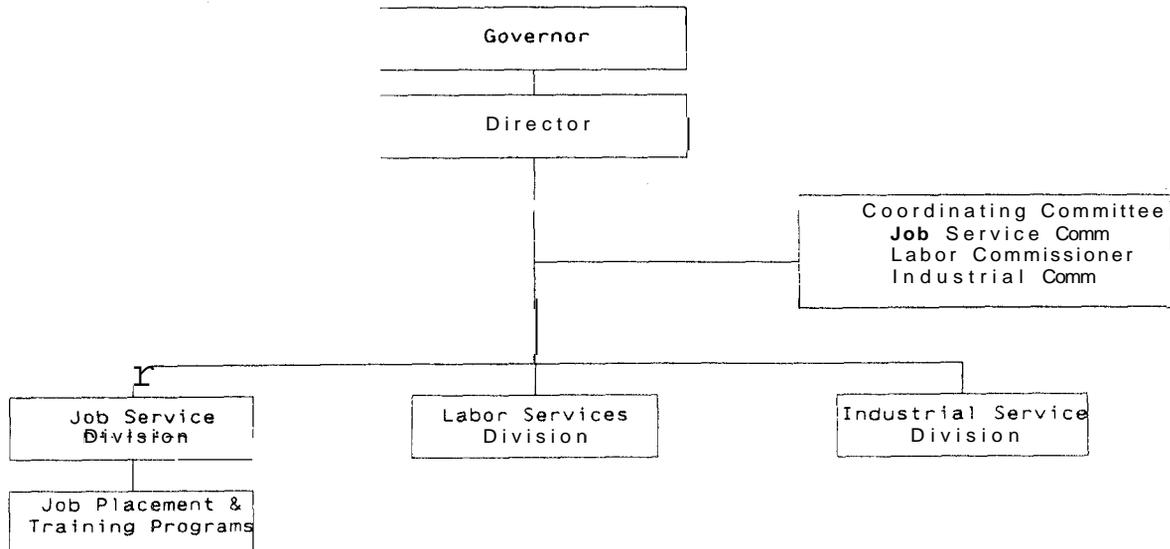


OVERVIEW AND ORGANIZATION CHART

DEPARTMENT OF EMPLOYMENT SERVICES

Overview

Sections 901 through 922 provide for the following; eliminates the Medical Board for Occupational Diseases and authorizes the Industrial Commissioner to designate physicians to perform the duties of the medical board, deletes incorrect references to free employment services under the Bureau of Labor that are the responsibility of the Department of Job Service, eliminates the Committee on Child Labor and transfers the duties to the Labor Commissioner, eliminates the Employment Agency Licensing Commission and transfers the duties to the Labor Commissioner, requires the Department of Job Service to establish employment and training programs for retired and disabled lowans, assigns the duties of the State Commissioner of Athletics to the Labor Commissioner. The Department of Employment Services is created by combining the responsibilities of the Department of Job Services, Bureau of Labor, and the Industrial Commissioner. The Department of Employment Services is responsible for administering the laws of the state relating to unemployment compensation insurance, job placement and training, employment safety, labor standards, and workers' compensation. The director is appointed by the governor, subject to confirmation by the senate. The director of the department is responsible for preparing, administering, and controlling the budget of the department and its divisions and approving the employment of all personnel of the department and its divisions.



FISCAL INFORMATION

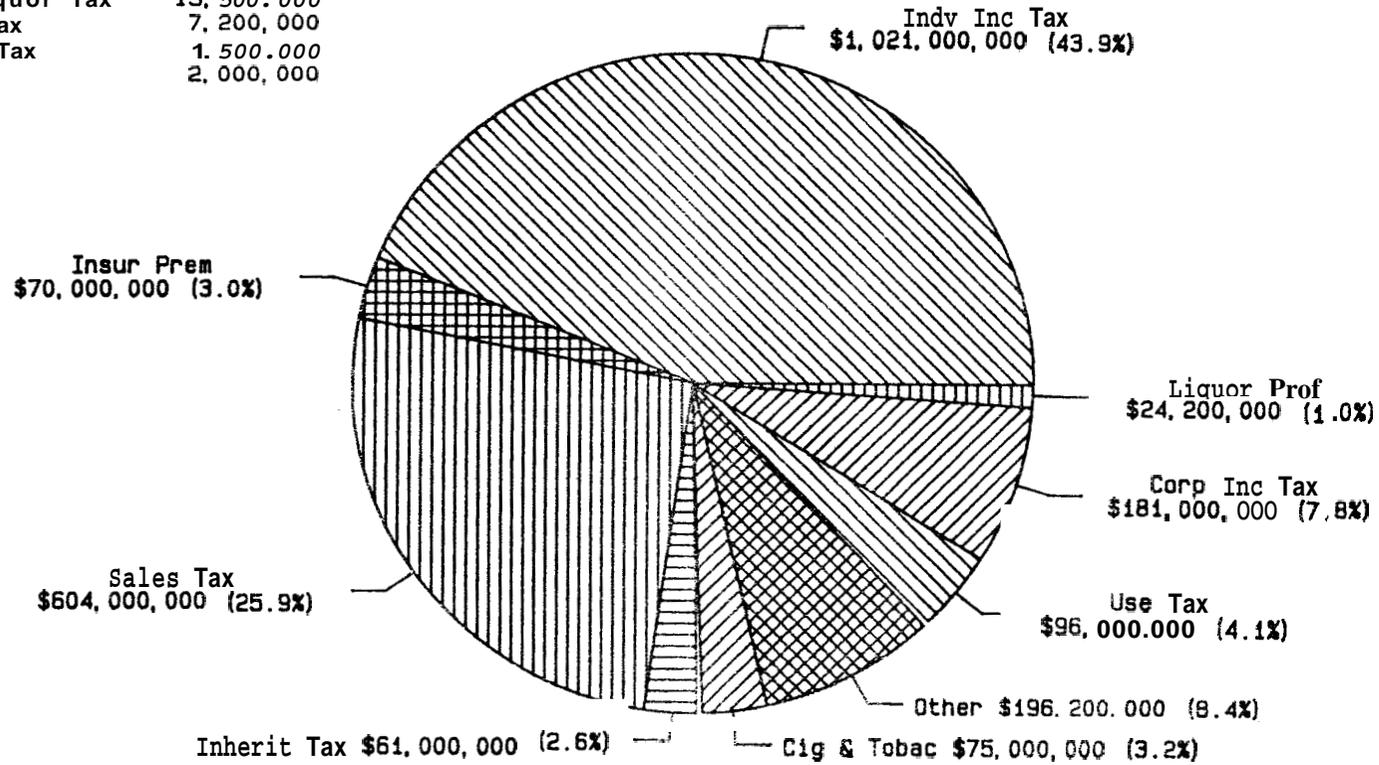
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General Fund Estimated Receipts

Fiscal Year 1986

Other Receipts:

Interest	\$22,000,000
County Treasurer's	45,000,000
Fees	27,500,000
Misc. Receipts	75,500,000
Beer and Liquor Tax	15,500,000
Franchise Tax	7,200,000
Equip. Car Tax	1,500,000
Pari-mutual	2,000,000



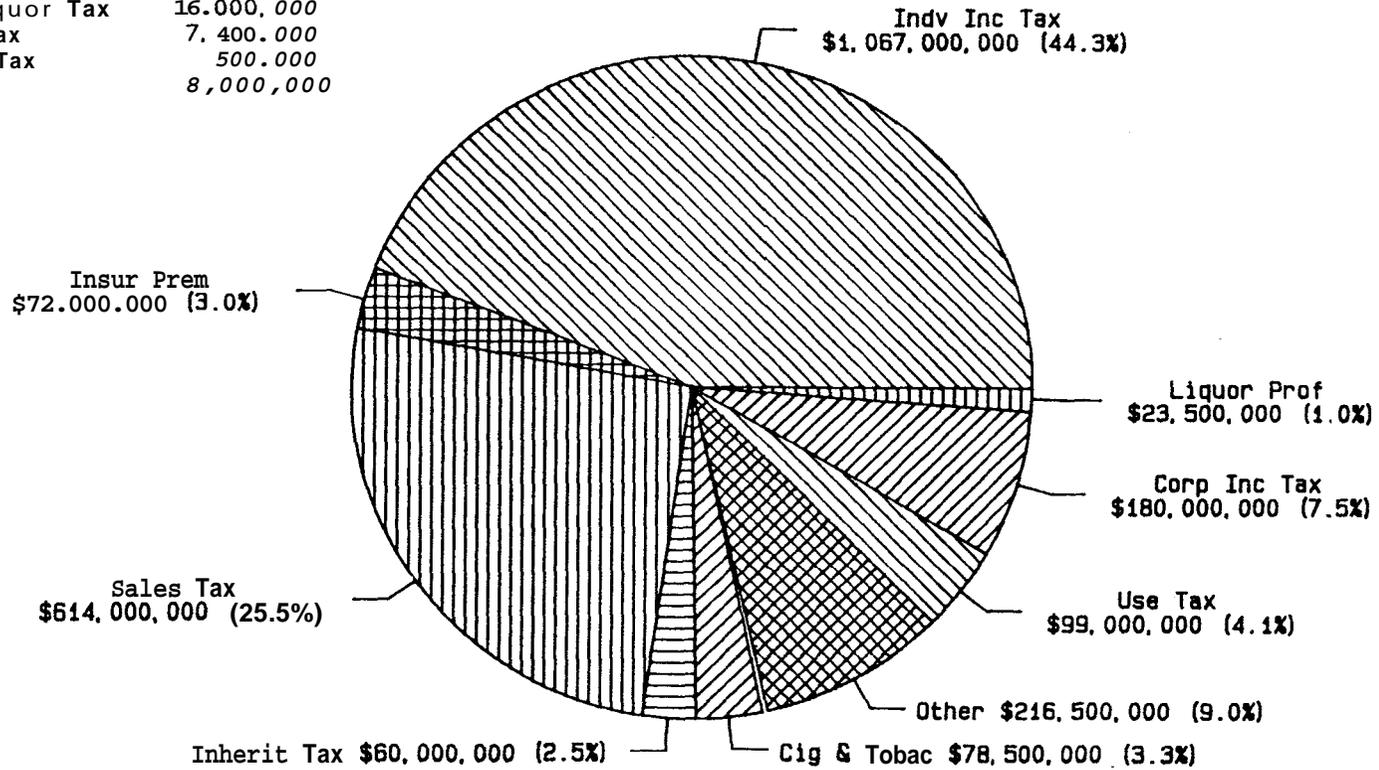
TOTAL: \$2,328,400,000

General Fund Estimated Receipts

Fiscal Year 1987

Other Receipts:

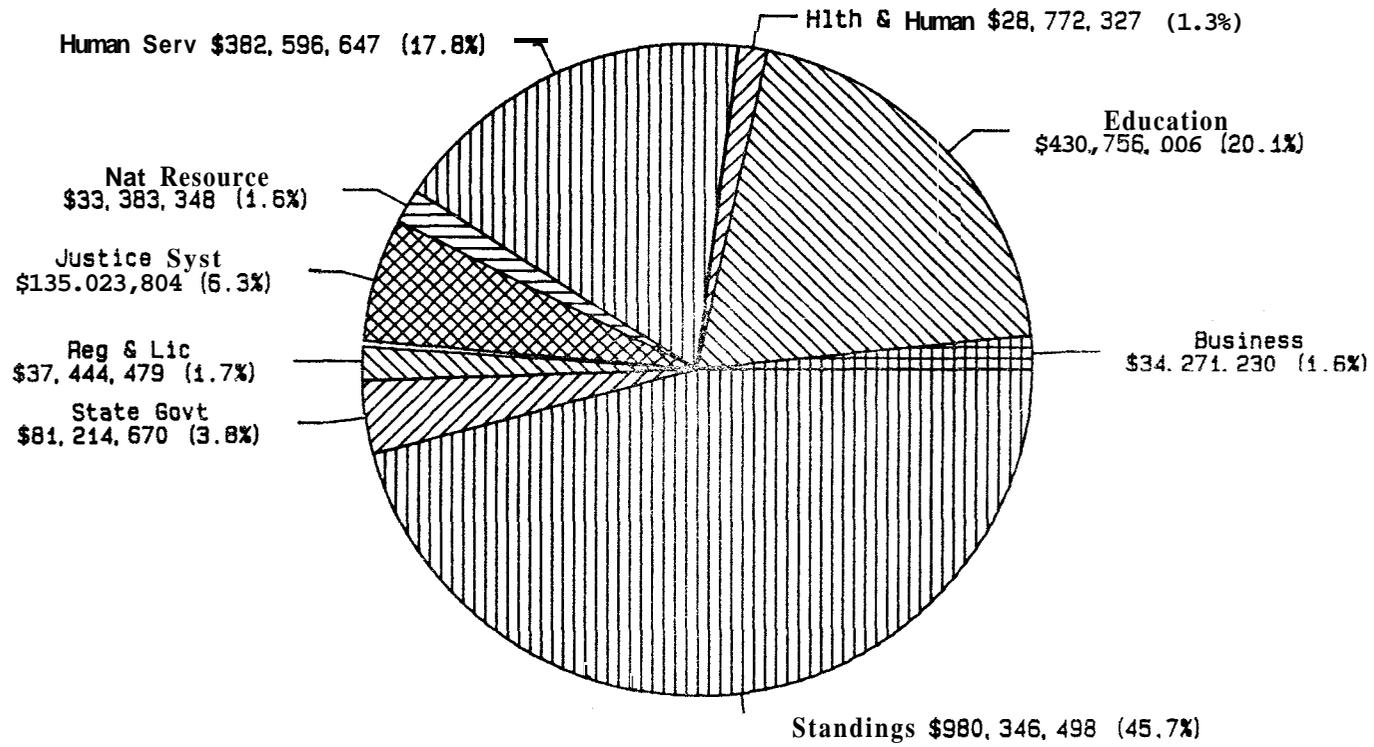
Interest	\$20,000,000
County Treasurer's	46,400,000
Fees	27,500,000
Misc. Receipts	90,700,000
Beer and Liquor Tax	16,000,000
Franchise Tax	7,400,000
Equip. Car Tax	500,000
Pari-mutual	8,000,000



TOTAL: \$2,410,500,000

General Fund Appropriations

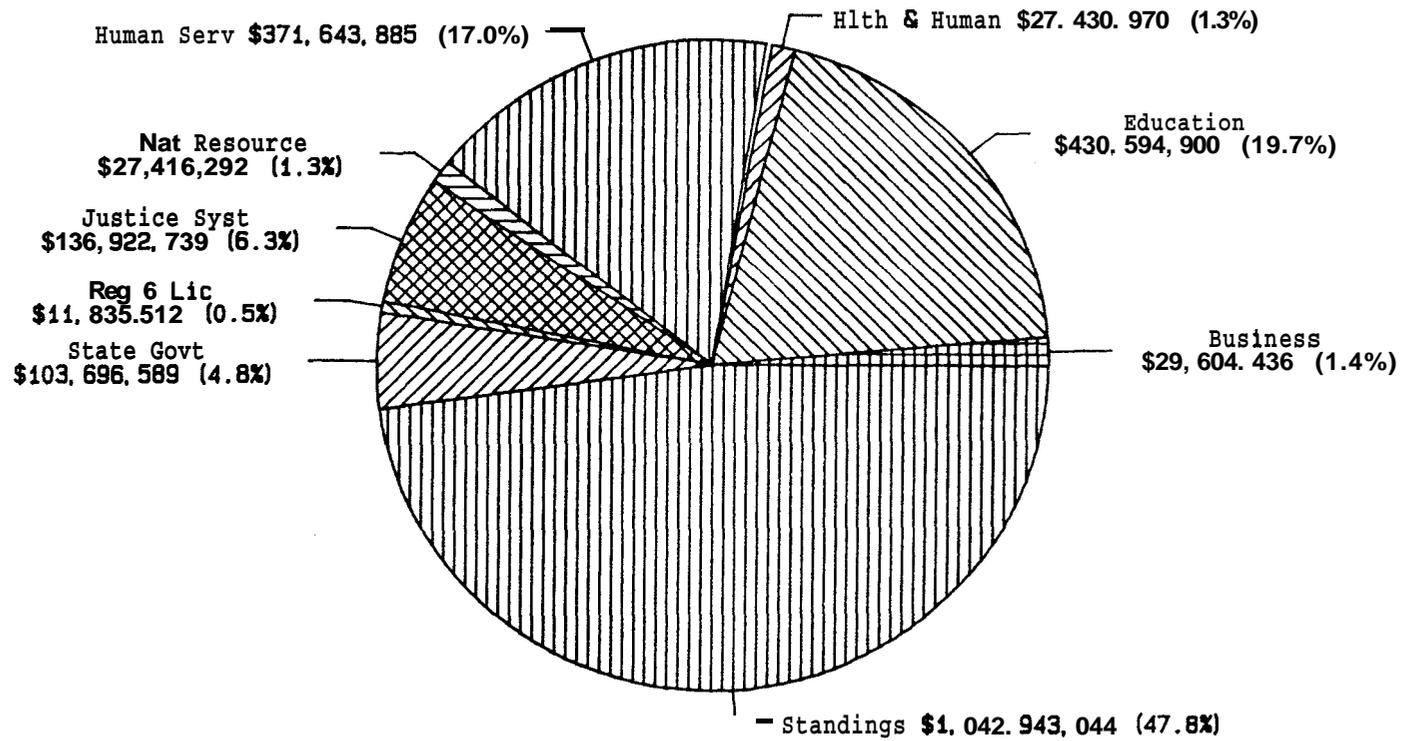
Fiscal Year 1986



TOTAL: \$2,143,809,009

General Fund Appropriations

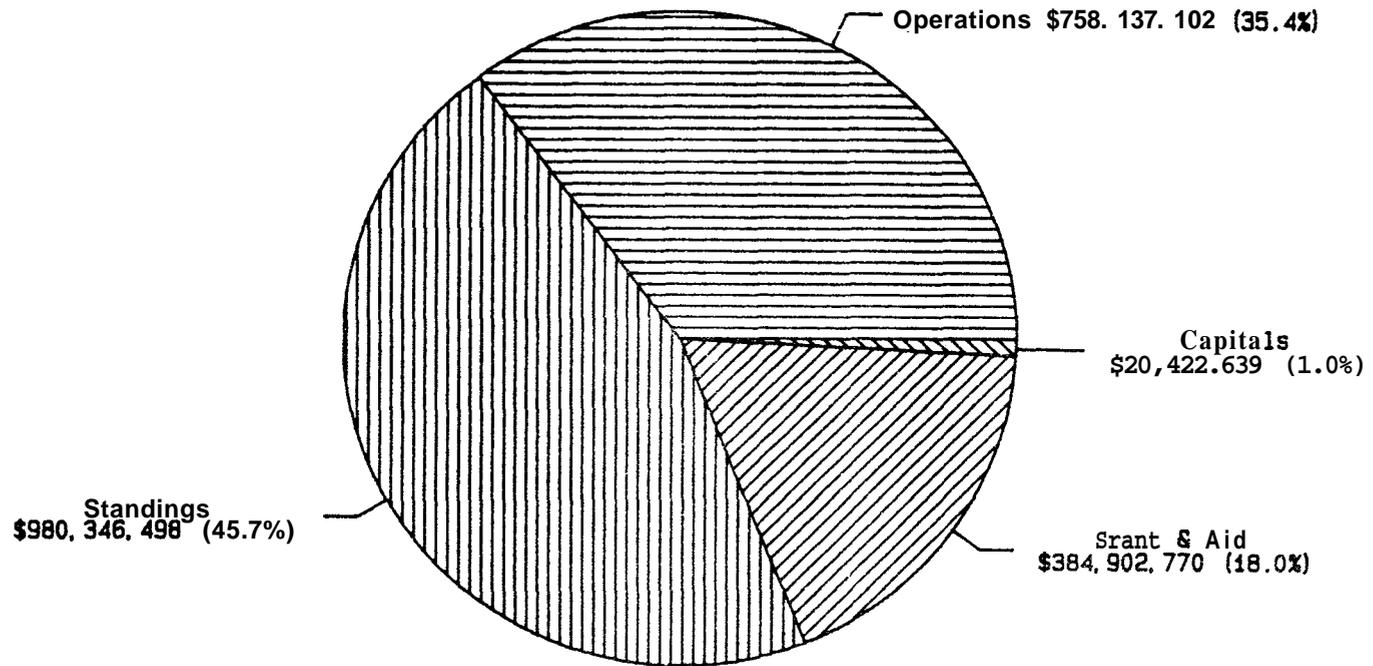
Fiscal Year 1987



TOTAL: \$2,182,088,367

General Fund Appropriations

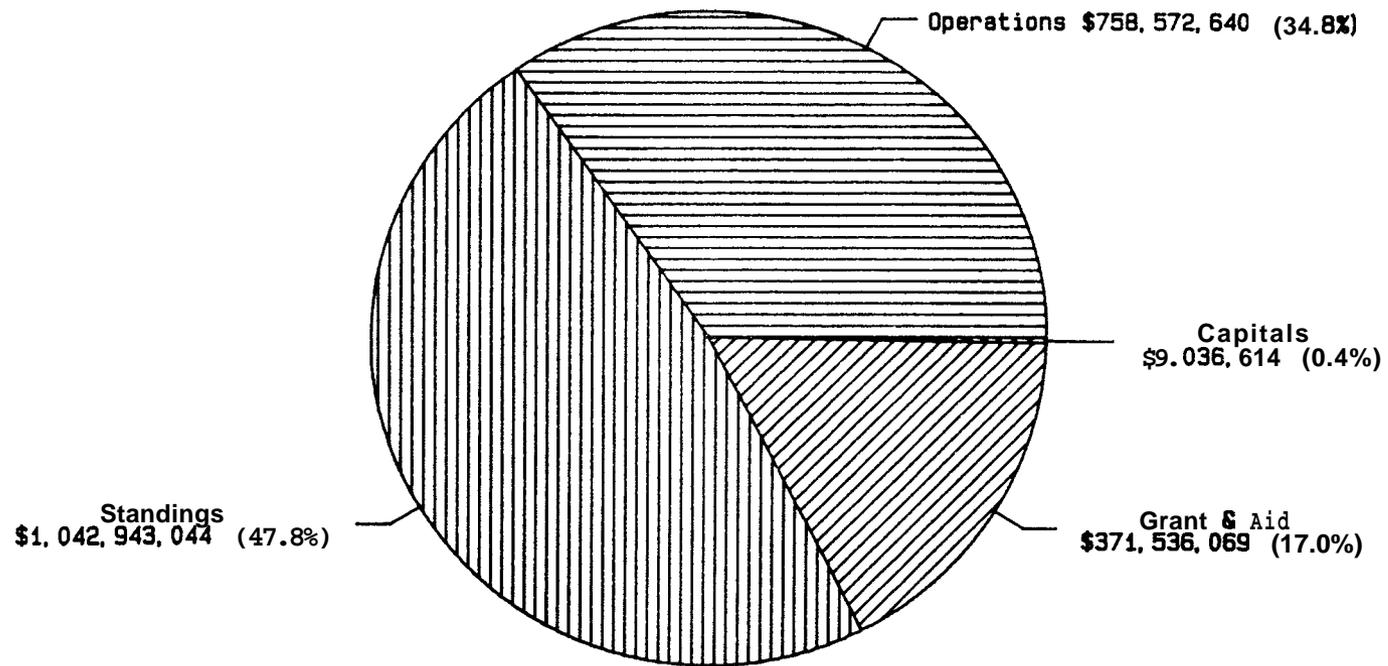
Fiscal Year 1986



TOTAL: \$2,143,809,009

General Fund Appropriations

Fiscal Year 1987



TOTAL: \$2,182,088,367

General Fund Appropriations Legislative Fiscal Bureau

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General Fund Appropriations Legislative Fiscal Bureau

	<u>Estimated FY 86</u>	<u>Governors FY 87</u>	<u>Final Action FY 87</u>
Business Trade Trans	243,930,596	257,601,502	255,798,967
Education	1,175,388,532	1,205,797,346	1,221,120,927
Health Human Rights	28,780,173	26,718,947	27,430,970
Human Services	382,670,952	367,606,004	371,718,190
Justice System	135,139,184	153,617,754	137,038,119
Natural Resources	33,383,348	28,927,462	27,416,292
Regulatory and Licensing	37,455,479	36,257,525	11,847,473
State Government	<u>107,060,745</u>	<u>136,661,720</u>	<u>129,717,429</u>
Total Appropriations	<u>2,143,809,009</u>	<u>2,213,188,260</u>	<u>2,182,088,367</u>
Operations	758,137,102	800,307,512	758,572,640
Grant and Aid	384,902,770	371,902,832	371,536,069
Capitals	20,422,639	11,312,214	9,036,614
Standings	<u>980,346,498</u>	<u>1,029,665,702</u>	<u>1,042,943,044</u>
Total Appropriations	<u>2,143,809,009</u>	<u>2,213,188,260</u>	<u>2,182,088,367</u>

General Fund Appropriations
Legislative Fiscal Bureau

General Fund Appropriations
Legislative Fiscal Bureau

	Estimated FY 86	Governors FY 87	Final Action FY 87
Business Trade Trans			
Economic Development. Dep			
Development Commission			
General Office	3,718,467	3,687,739	3,000,000
High Technology Council	38,075	0	0
Tourism/Promotion	0	2,000,000	1,429,560
Advertising And Marketing	95,189	95,189	92,333
Ambassador Program	0	0	1,000,000
Asian Trade Offices	0	0	300,000
Expor? Finance Program	0	0	1,000,000
Hi Tech Grants-FY86	856,697	0	0
	<u>4,708,428</u>	<u>5,782,928</u>	<u>6,821,893</u>
Mississippi River Pk Comm Operations	14,946	14,946	15,000
Planning And Programing			
Iowa Youth Services	71,391	0	71,391
General Office	552,133	142,777	0
Economic Appraisal	142,783	0	0
Comm Dvlp Block Grant	111,042	55,521	53,800
Gov Office for Volunteers	19,038	19,038	0
Iowa Youth Corps	832,709	832,709	330,000
Comm. Dvlp Loan Fund-Appr	951,885	0	0
JTPA Admin-Approp.	1,012,222	958,936	958,936
Day Care Displaced Hm	0	0	1,000,000
	<u>3,693,203</u>	<u>2,008,981</u>	<u>2,414,127</u>
Product Development Corp Product Dvlpmt Corp-Appr	285,566	0	0
Regents, Board Of Small Bus Devlpmt Centers	666,320	666,320	0
Economic Development. Dep	9,368,463	8,473,175	9,251,020
Revenue And Finance, Dept			
Revenue Department			
Operations	15,543,560	15,687,576	16,770,770
Agric. Land Tax Credit	43,500,000	43,500,000	43,500,000
Personal Prop. Tax Repl.	46,248,150	50,000,000	50,000,000
Pers Prop Tax Repl Lvstk	8,000,000	8,000,000	8,000,000
Print Cigarette Stamps	124,995	124,995	124,995
Sales Tax Fees/Cost	44,998	44,998	44,998
Homestead Tax Credit	89,419,500	94,000,000	94,000,000
Extra Prop Tax Reimbur	9,615,000	9,500,000	9,500,000
Reassessment Exp. Fund	24,038	24,038	24,038
Machinery & Computer Tax	12,499,500	21,000,000	21,000,000
Revenue And Finance, Dept	<u>225,019,741</u>	<u>241,881,607</u>	<u>242,964,801</u>

	Estimated FY 86	Governors FY 87	Final Action FY a7
Business Trade Trans			
Transportation, Dept of			
Operations	4,709,348	4,100,889	620,000
Public Transit Aid	1,765,366	0	0
Great River Road	96,150	96,150	0
Personal Serv Delivery	86,535	86,535	0
Transportation, Dept of	<u>6,657,399</u>	<u>4,283,574</u>	<u>620,000</u>
Treasurer Of State			
General Office	487,646	487,646	487,646
Tick Meters	17,134	0	0
Moneys And Credits Fund	2,379,713	2,475,000	2,475,000
Unclaimed Fee Refund	500	500	500
Treasurer Of State	<u>2,884,993</u>	<u>2,963,146</u>	<u>2,963,146</u>
Operations	26,187,072	26,957,641	24,840,500
Grant and Aid	7,227,461	4,266,645	4,763,936
Capitals	856,697	0	0
Standings	<u>209,659,366</u>	<u>226,377,216</u>	<u>226,194,531</u>
Business Trade Trans	<u>243,930,596</u>	<u>257,601,502</u>	<u>255,798,967</u>

General Fund Appropriations
Legislative Fiscal Bureau

	Estimated FY 86	Governors FY 87	Final Action FY 87
Education			
Cultural Affairs, Dept of			
Arts Council			
General Office	502,704	397,174	450,000
Herbert Hoover Memorial	0	0	35,000
Cedar Rapids Science Stat	0	0	30,000
Ottumwa Arts Council	0	0	30,000
Dub.Great Rivers Hall of	0	0	40,000
Amana Art Guild-Folk Art	0	0	20,000
Clinton Riverboat Theatre	0	0	20,000
Dav.River Dev Project	0	0	35,000
General Office Cap Promot	0	0	40,000
	<u>502,704</u>	<u>397,174</u>	<u>700,000</u>
Iowa Public Television			
General Office	5,898,738	5,586,848	5,586,848
Historical Department			
Herbert Hoover Library	1,286	1,285	1,246
General Office	1,342,114	1,283,249	1,286,045
Historical Board	6,368	3,368	0
Museum Plan, Inv, Exhibit	0	198,000	0
Gardner Cabin Land	30,000	0	41,700
Haverhill Blacksmith Shop	19,230	0	30,000
Montauk	0	0	20,700
Decorah Log Cabin	0	0	20,000
Centennial Building IC	0	0	40,000
Old FT Madison	0	0	25,000
Rock Island Depot, Counl	0	0	20,000
Old Territorial Capitol	0	0	22,000
General Office Cap Promot	0	0	30,000
Blood Run Land Mark	0	0	125,000
	<u>1,398,998</u>	<u>1,485,902</u>	<u>1,661,691</u>
Library Commission			
State Library	1,143,640	1,038,693	1,058,693
Regional Library System	1,474,980	1,474,979	1,430,730
	<u>2,618,620</u>	<u>2,513,672</u>	<u>2,489,423</u>
Planning And Programming			
Cultural Community Grants	285,566	0	0
Terrace Hill Authority			
General Operations	153,215	132,083	137,792
Cultural Affairs. Dept of	10,857,841	10,115,679	10,575,754
College Aid Commission			
Elderlaw Program	95,189	0	95,000

General Fund Appropriations
Legislative Fiscal Bureau

	Estimated FY 86	Governors FY 87	Final Action FY 87
Education			
Education. Dept of			
College Aid Commission			
General Office	422,257	132,667	926,280
Tuition Grant Program	926,184	926,184	
Aid To Medical Schools	825,410	825,410	725,410
National Guard Program	20,817	0	0
Tuition Grant Program	19,806,900	19,806,900	19,806,900
Scholarship Program	336,525	336,525	336,525
Voc Tech Tuition Grnts	646,582	646,582	646,582
Guaranteed Loan Paymnt	57,690	57,690	57,690
Science & Math Loans	67,305	67,305	67,305
Supplemental Grants	961,500	0	900,000
	<u>24,071,170</u>	<u>22,799,263</u>	<u>23,736,826</u>
Public Instruction, Dept.			
DPI-General Office	3,935,153	3,622,904	4,148,910
Vocational Educ Salaries	836,061	836,060	795,655
School Budget Review Comm	14,278	14,278	110,000
Prof. Teaching Practices	55,128	0	35,128
Vocational Rehabilitation	2,618,470	2,610,056	2,587,715
Textbook Of Nonpublic Sch	333,160	333,160	333,160
Voc Youth Organization	9,253	9,252	9,252
Computer Clearinghouse	95,189	0	0
School Food Service	3,053,266	3,175,524	3,173,131
Vocational Educ Secondary	3,579,723	3,723,061	3,723,061
MAS-General Aid	55,652,211	41,517,352	42,576,586
MAS-State Vocational Aid	8,049,521	8,049,520	8,049,520
MAS-General Aid 4th Quat.	0	13,776,507	13,776,507
Fire Service Education	190,377	0	140,377
Non English Speaking Stu.	185,047	185,046	150,000
Ed. Excellence Award	142,783	142,783	0
Foreign Lang. Incentive	480,750	0	0
Foreign Language Programs	144,225	0	0
School Foundation Aid	714,779,100	750,000,000	762,300,000
AEA-Child in Juv. Homes	842,411	0	0
AEA-Child Placed Courts	243,346	249,990	0
AEA-Payment For Child	290,376	274,989	0
Nonpublic Transportation	6,105,525	6,105,525	6,105,525
Foster Care Facilities	197,317	0	0
Certification Fee Refunds	4,000	0	0
	<u>801,836,670</u>	<u>834,626,007</u>	<u>848,014,527</u>
Science, Academy Of			
General Office	57,494	0	57,494
Education. Dept of	825,965,334	857,425,270	871,808,847

General Fund Appropriations
Legislative Fiscal Bureau

	Estimated FY 86	Governors FY 87	Final Action FY 87
Education			
Regents, Board Of			
Regents Board Office	437,468	424,710	411,336
U of Iowa-Gen University	117,859,572	117,706,681	117,840,274
ISU-General University	96,105,752	96,105,754	96,082,703
UNI-General University	37,872,553	37,872,554	37,846,399
Braille And Sight Saving	2,505,341	2,505,340	2,475,290
Iowa School For The Deaf	4,578,134	4,578,135	4,520,929
Tuition Replacement Bonds	17,291,054	17,291,054	17,291,054
U of I-Hospital	24,670,940	24,670,941	23,070,941
U of I-Psych Hospital	5,321,184	5,321,186	5,321,186
U of I-Hygienic Lab	2,098,377	2,098,376	2,098,376
U of I-Hospital School	3,874,645	3,874,645	3,874,645
U of I-Oakdale Campus	2,278,903	2,278,902	2,278,902
U of I-Family Practice	1,359,609	1,359,609	1,359,609
U of I-SCHS	278,758	276,758	278,758
ISU-Ag Experiment Station	11,002,022	11,002,021	11,002,021
ISU-Cooperative Extension	10,453,403	10,453,403	10,343,403
ISU-Water Resource Instit	128,504	0	100,000
ISU-Fire Service Ed	0	140,377	0
ISU-Coop Ext Farm Hotline	60,000	0	90,000
Regents Salary Adj	0	0	2,000,000
ISU-Ciras Hazardous Waste	0	0	50,000
ISU-Livestock Disease	288,450	288,450	300,000
ISD-Clothing & Trans	2,999	3,000	3,000
ISD-Tuition & Trans	2,000	2,000	2,000
IBSSS-Clothing And Trans	500	500	500
Regents, Board Of	<u>338,470,168</u>	<u>338,256,397</u>	<u>338,641,326</u>
Operations	355,258,314	353,819,112	354,956,582
Grant and Aid	75,448,462	74,138,778	75,013,918
Capitals	49,230	0	624,400
Standings	744,632,526	777,839,456	790,526,027
Education	<u>1,175,388,532</u>	<u>1,205,797,346</u>	<u>1,221,120,927</u>

General Fund Appropriations
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	Estimated FY 86	Governors FY 87	Final Action FY 87
Health Human Rights			
Civil Rights Commission			
General Office	746,374	564,368	752,129
Elder Affairs, Dept of			
General Office	247,601	199,645	245,601
Area Agencies On Aging	114,248	114,248	114,248
Elderly Services Program	777,195	577,155	777,195
Senior Legislature	12,953	12,953	12,953
Retired Iowan Employment	104,865	104,865	104,855
Alzheimers Support	0	1,000,000	70,000
RSWP	14,278	14,278	14,278
Elder Affairs, Dept of	<u>1,271,140</u>	<u>2,023,184</u>	<u>1,339,140</u>
Public Health, Dept of			
Mobile Homes & Parks Insp	7,846	0	0
Dental Examining Bd			
General Office	102,093	96,093	96,093
Central Administration			
General Office	895,251	731,771	731,771
Professional Licensure			
General Office	575,041	393,963	412,745
Health Planning Div			
General Office	243,636	179,411	179,411
Community Health Div			
General Office	1,753,274	1,581,274	1,562,508
Well-Elderly Clinics	205,957	205,957	205,957
Public Health Nursing	2,101,259	2,101,259	2,101,259
Homemaker	7,033,669	7,033,669	7,033,669
	<u>11,094,159</u>	<u>10,922,159</u>	<u>10,903,393</u>
Health Facilities Div			
General Office	693,824	43,400	0
Personal & Family Hlt Div			
General Office	1,605,288	1,130,061	1,510,018
Sex Abuse Investigations	55,014	55,014	55,014
SIDS Autopsies	14,278	0	14,278
	<u>1,674,580</u>	<u>1,185,075</u>	<u>1,579,310</u>
Disease Prevention Div			
General Office	1,139,967	1,092,967	1,092,967
Medical Examiners Board			
General Office	593,612	364,008	574,876

General Fund Appropriations
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General Fund Appropriations
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	Estimated FY 86	Governors FY 87	Final Action FY 87
Health Human Rights			
Public Health, Dept of			
Nursing Examiners Board			
General Office	526,507	431,294	506,774
Pharmacy Examiners Board			
General Office	338,269	115,380	323,019
Substance Abuse Division			
General Office	370,302	210,317	503,917
Program Grants	7,066,023	7,066,023	6,772,423
	<u>7,436,325</u>	<u>7,276,340</u>	<u>7,276,340</u>
Public Health, Dept of	25,321,110	22,831,861	23,676,699
Human Rights, Dept of			
General Office	0	0	116,171
Blind, Commission For The			
General Office	1,028,545	1,023,464	1,019,280
Blind Comm. Capitals	60,574	0	0
	<u>1,089,119</u>	<u>1,023,464</u>	<u>1,019,280</u>
Children Youth & Families			
General Office	93,287	68,001	68,001
Spanish-speaking Peoples			
General Office	43,316	43,316	43,316
Deaf Services Division			
General Office	0	0	215,766
Persons with Disabilities			
General Office	121,890	96,531	96,531
Status Of Women Division			
General Office	93,937	68,222	93,937
Human Rights, Dept of	<u>1,441,549</u>	<u>1,299,534</u>	<u>1,653,002</u>
Operations	11,212,014	8,433,486	10,154,831
Grant and Aid	17,499,739	18,285,461	17,276,139
Capitals	60,574	0	0
Standings	7,846	0	0
Health Human Rights	<u>28,780,173</u>	<u>26,718,947</u>	<u>27,430,970</u>

	Estimated FY 86	Governors FY 87	Final Action FY 87
Human Services			
Human Services, Dept of			
General Administration	7,481,816	5,413,819	5,752,032
MH/MR/DD Bill of Rights	104,804	0	109,000
Community Services	21,417,413	19,783,413	21,055,632
Child Support Recovery	971,885	951,885	950,000
Additional Protective Svc	95,189	95,189	95,000
Toledo	2,754,255	2,737,929	7,574,308
Eldora	4,936,977	4,839,028	0
Veterans Home	18,399,940	18,221,703	18,358,486
Cherokee MHI	10,041,074	9,955,180	30,954,794
Clarinda MHI	5,590,895	5,530,839	0
Independence MHI	10,412,219	10,007,379	0
Mt. Pleasant MHI	5,463,206	5,463,206	0
Glenwood SHS	25,585,329	25,305,462	46,969,633
Woodward SHS	22,008,921	21,693,296	0
Brain injury Registry	0	0	17,000
Volunteers	68,536	68,536	68,000
Aid to Indians	35,219	35,220	35,000
Aid To Dependent Children	60,777,857	58,494,494	59,000,000
Medical Assistance	130,827,331	124,169,188	128,000,000
Medical Contracts	1,875,212	2,287,696	2,290,000
State Supplementation	9,376,066	9,504,662	9,500,000
Medically Needy Expansion	2,884,500	0	0
Foster Care	24,035,096	26,965,797	24,200,000
Community Based Services	2,603,404	2,667,048	2,883,000
Homebased Services	5,092,585	5,191,96	5,219,000
Social Svcs Block Grant	3,179,296	2,789,936	3,180,000
MH / MR Fund	3,331,598	3,331,598	3,333,000
County Based Juv. Justice	2,284,524	2,100,000	2,100,000
1986 DHS CAPITALS	961,500	0	0
Nonresident transfer MI	7,000	7,000	7,000
Nonresident Commitment	67,305	67,305	67,305
	<u>382,670,952</u>	<u>367,606,004</u>	<u>371,718,190</u>
Human Services, Dept of	382,670,952	367,606,004	371,718,190
Operations	135,263,923	129,998,328	131,835,885
Grant and Aid	246,371,224	237,533,371	239,808,000
Capitals	961,500	0	0
Standings	74,305	74,305	74,305
Human Services	<u>382,670,952</u>	<u>367,606,004</u>	<u>371,718,190</u>

General Fund Appropriations
Legislative Fiscal Bureau

	Estimated FY 86	Governors FY 87	Final Action FY 87
Justice System			
Attorney General			
General Office	3,001,847	3,001,847	3,001,847
Pros Attrny Dispute Res	49,500	0	50,000
Pros Attrny Training	84,919	84,919	78,742
Legal Assistance Farmers	0	0	250,000
Prosecutor Internships	49,498	49,498	48,308
Farm Mediation Programs	100,000	0	100,000
Attorney General	<u>3,285,764</u>	<u>3,136,264</u>	<u>3,528,897</u>
Corrections, Dept of			
Corrections Centrl Office	1,700,426	1,401,409	1,396,552
OWI Community Facilities	0	1,000,000	833,006
Corr Training Mt Plesnt	309,363	249,363	308,557
Fed Prisnrs & Muslim Iman	356,957	356,957	355,720
Farms-Fruit Trees	0	0	9,973
Drug/Alcohol Instit Fclty	0	0	63,529
Jail Inspectors	0	0	75,204
Community Based Correctns	16,553,280	16,553,280	16,495,910
Inmate Legal Services	33,316	0	0
County Confinement Reimb	68,536	68,536	68,298
Capitals 1986	480,750	0	0
State Cases	115,380	115,380	115,380
	<u>19,618,008</u>	<u>19,744,925</u>	<u>19,722,129</u>
Institutions			
Fort Madison	15,878,130	15,766,899	15,705,228
Anamosa	10,741,504	10,606,521	10,559,711
Oakdale	7,019,087	6,905,462	6,878,288
Newton	1,880,665	1,860,515	1,851,068
Mount Pleasant	8,062,693	7,973,312	7,942,464
Rockwell City	1,965,977	1,965,977	1,953,109
Clarinda	2,847,455	2,804,988	2,793,242
Mitchellville	2,423,404	2,423,404	2,411,117
	<u>50,818,915</u>	<u>50,307,078</u>	<u>50,094,227</u>
Corrections, Dept of	70,436,923	70,052,003	69,816,356
Judicial Department			
Tort Liability Study	0	0	60,000
Ct Operations & Reorg	31,500,000	51,545,266	51,445,266
Judicial Department	<u>31,500,000</u>	<u>51,545,266</u>	<u>51,505,266</u>
Law Enforcement Academy			
General Office	731,824	614,153	672,242

General Fund Appropriations
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	Estimated FY 86	Governors FY 87	Final Action FY 87
Justice System			
Parole Board			
General Office	439,584	412,084	461,759
Public Safety, Department			
Jail Trng Technicl Assist	29,289	29,289	23,586
Medical Examiner, State			
General Office	28,557	28,557	28,473
Public Safety, Department			
Highway Safety Program	78,457	0	0
DCI Undercover Investgtn	190,377	190,377	189,816
Administration	4,414,568	4,195,911	1,697,542
Criminal Investigation	4,763,059	4,715,161	4,658,508
Fire Marshal	1,037,944	1,037,944	1,023,634
Security Div (Capitol)	691,962	691,962	688,450
State Patrol	17,194,851	16,707,015	
Victim Compensation	40,931	40,931	40,810
Crime Prevention Programs	54,257	0	0
Pari-Mutual Enforcement	220,837	220,837	220,186
Communications	0	0	2,482,592
	<u>28,687,243</u>	<u>27,800,138</u>	<u>11,001,540</u>
Public Safety, Department	28,745,089	27,857,984	11,053,599
Operations			
Grant and Aid	117,709,135	136,801,771	120,186,637
Capitals	16,833,919	16,700,603	16,736,102
Standings	480,750	0	0
Justice System	115,380	115,380	115,380
	<u>135,139,184</u>	<u>153,617,754</u>	<u>137,038,119</u>

General Fund Appropriations
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General Fund Appropriations
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	Estimated FY 86	Governors FY 87	Final Action FY 87		Estimated FY 86	Governors FY 87	Final Action FY 87
Natural Resources				Regulatory and Licensing			
Ag & Land Steward, Dept				Inspections And Appeals			
Administrative Div.	1,389,825	1,044,443	1,385,409	General Office	0	3,197,287	2,614,790
Regulatory Div	3,159,171	3,438,869	3,420,635	RCF Waiver	0	0	110,000
Laboratory Div.	602,472	602,471	553,674		0	3,197,287	2,724,790
Soil Conserv. Operations	3,669,092	3,395,355	3,385,315	Foster Care Review Board			
St-Fed Watershed Planning	22,668	0	0	General Office	129,518	129,518	129,000
Soil Survey	312,822	312,821	303,436	OSHA Review Commission			
Indemnity Admin Startup	0	0	100,000	General Office	47,123	26,191	24,523
Farm Commodity Div.	0	0	229,628	Inspections And Appeals	176,641	3,352,996	2,878,313
Multifloral Rose Erad.	74,250	0	60,000	Auditor Of State			
Cost Share Revolving	95,189	0	0	General Office	1,893,336	1,893,336	1,868,000
Ag. Development Auth	2,000,000	0	0	Campaign Finance			
Soil Conserv. Cost Share	8,546,520	8,546,519	6,546,519	Campaign Finance-Gen Off	130,441	128,943	155,000
Fair Board	19,872,009	17,340,478	15,984,616	Commerce. Dept of			
Buildings & Grounds	19,038	0	69,038	Accountancy, Bd of			
Premiums	8,910	0	0	General Office	239,589	238,589	213,000
Ag. Societies-County Fair	95,189	0	0	Architectural Examiners			
	123,137	0	69,038	General Office	42,614	11,624	42,000
Ag & Land Steward, Dept	19,995,146	17,340,478	16,053,654	Banking Department			
Interest Grain Market Comm				General Office	3,545,772	3,419,695	295,000
General Office	0	0	50,000	Beer/Liquor Control, Dept			
Natural Resources, Dept				General Office	17,675,255	15,083,746	0
DNR Operations	0	0	9,122,655	Commerce Commission			
Conservation Commission				General Office	5,602,529	4,350,462	725,000
Preserves Advisory Board	49,007	0	0	Consumer Advocate	866,114	866,114	0
Lands And Waters Div.	4,456,219	4,401,655	0		6,468,643	5,216,576	725,000
Green Thumb Program	138,730	138,730	138,730	Credit Union Department			
Administration	1,467,022	1,398,130	0	General Office	521,443	351,598	50,000
Open Spaces Tax Replace.	39,179	0	0	Engineering Examiners, Bd			
General Fund Capitals	288,450	0	0	General Office	137,694	69,213	138,000
Energy Policy Council	6,438,607	5,938,515	138,730	Gaming			
General Office	355,528	0	0	General Office	0	0	49,000
Institution Energy Conser	93,336	0	0	Insurance Department			
Energy Management Program	428,342	0	0	General Office	2,757,611	2,662,772	1,650,000
Geological Survey	877,212	0	0	Landscape Architect Ex			
Operations	1,159,076	1,159,075	0	General Office	11,006	8,735	11,000
Reimbursement to Federal	245,182	245,183	185,558	Real Estate Commission			
Water, Air, & Waste Mgmt	1,404,258	1,404,258	185,558	General Office	297,414	146,802	146,000
Operations	2,525,331	2,378,516	0	Commerce, Dept of	31,697,041	27,209,350	3,319,000
River Basin Coordinator	39,128	0	0				
Aidex Monitoring Site	237,971	0	0				
Sewage Construction Grant	1,865,695	1,865,695	1,865,695				
	4,668,125	4,244,211	1,865,695				
Natural Resources, Dept	13,388,202	11,586,984	11,312,638				
Operations	20,378,876	18,515,248	18,944,078				
Grant and Aid	2,303,807	0	60,000				
Capitals	10,700,665	10,412,214	8,412,214				
Natural Resources	33,383,348	28,927,462	27,416,292				

General Fund Appropriations
Legislative Fiscal Bureau

	Estimated FY 86	Governors FY 87	Final Action FY 87
Regulatory and Licensing			
Employment Services, Dept			
Industrial Commissioner			
General Office	946,196	929,099	946,199
Worker Comp-Peace Officer	9,500	9,500	9,500
	<u>955,696</u>	<u>938,599</u>	<u>955,699</u>
Labor, Bureau Of			
General Office	1,521,499	1,451,936	1,563,000
Employment Services. Dept	2,477,195	2,390,535	2,518,699
Secretary Of State			
Sec of State-General Off	1,079,325	1,219,810	1,044,000
Official Register	0	60,094	62,000
Iowa Servicemens Ballot	1,500	1,500	1,500
Constitutional Amendments	0	961	961
	<u>1,080,825</u>	<u>1,282,365</u>	<u>1,108,461</u>
Secretary Of State	1,080,825	1,282,365	1,108,461
Operations	37,444,479	36,245,564	11,835,512
Standings	11,000	11,961	11,961
Regulatory and Licensing	<u>37,455,479</u>	<u>36,257,525</u>	<u>11,847,473</u>

General Fund Appropriations
Legislative Fiscal Bureau

	Estimated FY 86	Governors FY 87	Final Action FY 87
State Government			
Executive Council, Iowa			
Executive Council	40,830	40,830	39,605
Court Costs	49,998	49,998	49,998
Public Improvements	6,000	6,000	6,000
Habeas Corpus Fees	54,998	54,998	54,998
Perf. of Duty Expense	475,943	475,943	449,399
	<u>627,769</u>	<u>627,769</u>	<u>600,000</u>
Executive Council, Iowa	627,769	627,769	600,000
Governor			
Admin. Rules Coordinator	60,187	60,187	58,053
General Office	675,712	675,712	643,650
Governor's Expenses	5,607	5,607	5,439
Gov. Ad Hoc Committees	17,134	17,134	15,706
Terrace Hill Gov Quarters	58,482	58,482	56,728
Extradition Expense	8,000	8,000	8,000
Governor	<u>825,122</u>	<u>825,122</u>	<u>787,576</u>
General Services, Dept of			
Capitol Planning Comm			
Capitol Complex Planning	2,623	1,783	1,255
Comptroller			
Data Processing (CDP)	6,453,999	6,271,254	6,217,905
General Services			
General Office	4,728,660	4,789,395	4,590,964
Utilities	1,860,572	1,860,572	1,804,755
Rental Space	950,158	917,846	890,311
Risk Management	190,377	190,377	184,666
Capitol Restor. & Maint.	970,923	900,000	0
Lucas Bldg. Ground Floor	192,300	0	0
New Historical Building	5,250,000	0	0
Capitol Exterior Renov.	900,000	0	0
	<u>15,042,990</u>	<u>8,658,190</u>	<u>7,470,696</u>
General Services, Dept of	21,499,612	14,931,227	13,689,856
Legislature			
Citizens' Aide, Office of			
General Office	242,370	242,370	242,370
Code Editor			
General Office	816,609	816,609	816,609
General Assembly			
Natl. Conf. State Legis.	51,002	51,002	51,002
Session Expenses	3,678,300	3,678,300	3,678,300
Interim Expenses	380,700	380,700	380,700
Renovation And Supplies	110,500	110,500	110,500
Staff Compensation	2,810,000	2,810,000	2,810,000
Legislative Publications	9,000	9,000	9,000
Admin. Rules Review	45,000	45,000	45,000
	<u>7,084,502</u>	<u>7,084,502</u>	<u>7,084,502</u>

General Fund Appropriations
Legislative Fiscal Bureau

	Estimated FY 86	Governors FY 87	Final Action FY 87
State Government Legislature			
Legislative Fiscal Bureau General Office	568,536	568,536	868,536
Legis Computer Support General Office	749,270	749,270	749,270
Legis Service Bureau General Office	1,067,871	1,067,871	1,067,871
Drafting Res & Code Pub	13,878	13,877	13,877
	<u>1,081,749</u>	<u>1,081,748</u>	<u>1,081,748</u>
Pioneer Lawmakers Biennial Expense	0	0	707
Uniform State Laws, Comm. Support of Commission Legislature	9,893	9,893	8,538
	<u>10,552,929</u>	<u>10,552,928</u>	<u>10,852,280</u>
Governor, Lieutenant General Office	110,095	110,095	102,339
Management, Dept of Appeal Board			
Claims. Appeals Board	2,980,650	2,980,650	2,980,650
Comptroller General Office	1,615,364	1,127,407	1,344,812
Salary Adjustment Fund	13,252,138	45,877,500	44,000,000
Highway Patrol Sal Adj	410,455	1,061,200	0
Comparable Worth Sal Adj	18,085,815	18,085,815	16,617,940
OB Patient Care Fund	0	0	1,100,000
Per Diem Reimbursement	0	0	299,915
Emergency Program Adjust	0	1,000,000	0
Municipal Assistance Fund	13,945,115	14,502,280	14,502,280
County Assistance Fund	5,092,585	5,295,236	3,195,236
Peace Officer Retirement	3,172,950	3,300,000	3,300,000
	<u>55,574,422</u>	<u>90,249,438</u>	<u>84,360,183</u>
Council of St Govts Support of Council	44,806	44,806	44,806
Criminal & Juv Justice Juvenile Justice Planning	52,581	52,581	0
Criminal & Juv Justice	220,044	217,472	0
Juv Victim Restitution	115,178	115,178	115,178
	<u>387,803</u>	<u>385,231</u>	<u>115,178</u>
Indian Settlement Officer Support of Tama Officer	3,365	3,365	3,365
Planning And Programming Stat Analysis Center	180,858	0	0
Management, Dept of	<u>59,171,904</u>	<u>93,663,490</u>	<u>87,504,182</u>

General Fund Appropriations
Legislative Fiscal Bureau

	Estimated FY 86	Governors FY 87	Final Action FY 87
State Government Public Empl Relations Bd General Office	536,863	536,863	497,687
Public Defense, Dept of Public Defense			
National Guard Facilities	3,039,455	3,039,055	3,191,828
Disaster Services	114,870	114,870	0
Federal Disaster Assist	171,545	0	0
911 Study	0	0	5,000
Compensation And Expense	28,557	28,557	28,557
	<u>3,354,427</u>	<u>3,182,482</u>	<u>3,225,385</u>
Veterans Affairs, Dept. General Office	109,339	60,067	0
Chemical Exp Reporting	32,929	30,929	0
War Orphans Education Aid	14,278	14,278	14,278
	<u>156,546</u>	<u>105,274</u>	<u>14,278</u>
Public Defense, Dept of	3,510,973	3,287,756	3,239,663
Personnel, Department Of Comptroller			
Workers Compens State	2,355,675	2,355,675	2,355,675
State Unemployment Compens	403,830	403,830	903,830
	<u>2,759,505</u>	<u>2,759,505</u>	<u>3,259,505</u>
Corrections Department of Agency Retention Pers	0	229,079	222,206
Job Service Of Iowa F.O.A.B. And I.O.A.S.I.	153,489	153,489	145,785
Ipers Prior Service	480,750	0	0
Teachers Retirement Allow	189,992	189,992	189,992
Non-Teacher Ret. Allow	7,000	7,000	7,000
Current Retirees Allow	4,711,350	4,711,350	4,711,350
Conserv Peace Officers	244,990	0	0
Ipers Prior Svc Standing	179,993	179,993	179,993
	<u>5,967,564</u>	<u>5,241,824</u>	<u>5,234,120</u>
Merit Employment Dept Operations	1,498,409	3,071,539	2,928,227
Human Services, Dept. of Agency Retention Pers	0	812,076	787,714
Transportation, Dept. of Agency Retention Pers	0	12,447	12,074
Personnel, Department Of Operations	10,225,478	12,126,470	12,443,846
Grant and Aid	54,683,289	89,536,362	85,818,615
Capitals	19,218,158	20,977,974	17,877,974
Standings	7,313,223	900,000	0
State Government	25,846,075	25,247,384	26,020,840
	<u>107,060,745</u>	<u>136,661,720</u>	<u>129,717,429</u>

APPROPRIATIONS SUMMARY

ALL STATE AGENCIES

Comparable Worth Adjustments

H.F. 2484

Sec. 23

This Section authorizes agencies with revolving, trust, or special funds which contain an operating budget to provide Comparable Worth salary adjustments from the revolving, trust, or special funds for FY 1987. This Section excludes the Primary Road Fund and the Road Use Tax Fund.

FEDERAL FUNDS APPROPRIATION

H.F. 2484

Receipts of federal money are appropriated for the purposes set forth in the respective State Plan or Grant Award unless otherwise provided by the General Assembly. Please refer to Sections 34, 163, 208, 321, 417, 510, 626 and 776 of this act.

AGRICULTURE AND LAND STEWARDSHIP. DEPARTMENT OF

Administration Division

H.F. 2404

Sec. 501.1

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 1,389,825	1,044,443	1,385,409

This appropriation is for salaries, support, maintenance, and miscellaneous purposes. The FY 1987 Governor's Recommendation reflects transfers out of the Marketing Board (\$9,833.45 FTE) and the Marketing Division (\$292,914.8 FTE) to the Department of Economic Development and a transfer out to the Department of Personnel (\$42,634.2 FTE). The FY 1987 Legislative Action reflects the Governor's recommended transfer of the Marketing Board and personnel services. An additional 3340,366 is appropriate for agricultural diversification programs within the Horticultural Division. Also the transfer of the Marketing Division, originally recommended by the Governor, is divided between the Department of Economic Development and a new Farm Commodity Division within the Department of Agriculture and Land Stewardship (See Section 501.5 of this Act). The current Marketing Division duties relating to unprocessed agricultural commodity marketing (\$229,628.6 FTE) are transferred to the new Farm Commodity Division. Value-added agricultural commodity marketing (\$63,286.2 FTE) is transferred to the Department of Economic Development.

This Subsection authorizes transfers of up to \$43,387 from the Fertilizer Fund, 273,614 from the Dairy Trade Practice Fund, and \$43,387 from the

Commercial Feed Fund to the Administrative Division.

The amount appropriated to the Horticultural Division is allocated among the following programs: Farmers Market Development Program (\$95,490); Centralized Facilities Development Program (\$99,995); Electronic Marketing Program (\$44,872); Alternative Agricultural Products Market Evaluation Program (\$50,606); and Marketing Promotions Program (\$50,003).

The Department shall set annual subscription fees for its publications and the fees collected shall be deposited in the general fund. Intent language specifies that the Department of Agriculture and Land Stewardship continue the Agricultural Diversification Program.

Fair Board

Sec. 101.5

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 9,038		69,038

This Subsection appropriates funds for the Buildings and Grounds of the State Fair. Legislative Action is a 550,000 increase over FY 1986. This increase is to cover a portion of the cost of replacing the roof on the Swine Barn.

Farm Commodity Division

Sec. 501.5

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 0	0	229,628

This appropriation is for salaries, support, maintenance, and miscellaneous purposes. This new division is created by a transfer of the unprocessed agricultural commodity marketing responsibilities of the current Marketing Division of the Department of Agriculture (\$229,628.6 FTE).

Horse and Dog Breeders Program

Sec. 503

This Section appropriates \$78,175 of unclaimed parimutual winnings to the Department of Agriculture and Land Stewardship for volunteer assistance and not more than 2.0 FTE positions for administration of the Horse and Dog Breeders Program.

Sec. 509

This Section amends Chapter 99D.13(2), Code of Iowa, to allow for the appropriation by the General Assembly of unclaimed pariinutual winnings to the Department of Agriculture and Land Stewardship for administration of the Horse and Dog Breeders Program.

Indemnity Fund and Escrow
Sec. 501.3

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	0	100.000

This appropriation is an advance for administration of the indemnity fund and escrow provisions created by S.F. 2116. The conditions of this appropriation are that it fund not more than 5.0 FTE positions and that the general fund be reimbursed by June 30, 1987 from the interest accruing to the Indemnity Fund. This Section also stipulates that, notwithstanding Section 33, S.F. 2116, only interest accruing to the Indemnity Fund may be used to cover administration costs and that eligible administration costs may include those associated with the escrow provisions of S.F. 2116.

Laboratory Division
Sec. 501.4

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 602,472	602.471	553,674

This appropriation is for salaries, support, maintenance, and miscellaneous purposes. The FY 1987 Legislative Action reflects an 8.1% reduction in operations.

This Subsection authorizes transfers of up to \$726,814 from the Commercial Feed Fund, \$440,317 from the Pesticide Fund, and \$774,371 from the Fertilizer Fund to the Laboratory Division.

Multifloral Rose Eradication Cost Reimbursement
Sec. 502

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 74,250	0	60,000

This Section appropriates funds to the Department of Agriculture and Land Stewardship for the partial

reimbursement of agricultural landowners or tenants for the cost of herbicide to control multifloral rose. The FY 1987 Legislative Action reduces the FY 1986 funding level by 814,250 or 19.2%. Not more than 5% of the funds appropriated under this Section shall be used for administrative expenses.

Regulatory Division
Sec. 501.2

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 3,159,171	3,438,869	3,420,635

This appropriation is for salaries, support, maintenance, and miscellaneous purposes. The FY 1987 Governor's Recommendation reflects a transfer of Food and Lodging Inspection to the Department of Inspections and Appeals (\$662,544. 34.0 FTE), a transfer in of the Grain Warehouse Inspection from the Commerce Commission (8946.342. 32.0 FTE), and the elimination of the Board of Veterinary Examiners' per diem (\$4.100). The FY 1987 Legislative Action reflects the Governor's Recommendation with the following exceptions: 1) a transfer of 326.473 from the Commerce Commission for legal counsel relating to grain regulation; 2) a transfer of \$29,000 from the Commerce Commission for accounting staff relating to grain regulation; and 3) a reduction in operations funding of 2.1% (\$73,707). The Board of Veterinary Examiners' per diem will be paid from a separate fund administered by the Department of Management.

Requirements for Cost Share Funds
Sec. 504.3-4

Section 504.3 of this Act outlines 9 requirements that apply to the funds appropriated in Subsection 2(b) of this Section: 1) not more than 5% may be allocated for cost sharing to abate complaints filed under Chapters 467A.47-.48, Code of Iowa; 2) not more than 10% may be allocated for financial incentives not exceeding 75% of the approved cost of permanent soil conservation practices on watersheds above publicly-owned lakes in accordance with the priority list required in this Act; 3) funds may be allocated to conduct research and demonstration projects to promote conservation tillage practices and nonpoint source pollution control practices; 4) not more than 30% of a district's allocation may be allocated for the establishment of management practices on land that is row cropped; 5) financial incentives not exceeding 60% of the cost of permanent soil conservation practices may be allocated for special watershed practices or summer construction

incentives under Chapter 467A.7(17,19), Code of Iowa; 6) except for the cases mentioned in requirements 1, 2 and 5. the financial incentives for voluntary permanent soil conservation practices shall not exceed 50% of the approved cost and priority shall be given to family-operated farms; 7) not more than 320,000 may be used to reimburse out-of-pocket expenses of fencing authorized by Chapter 467A.75, Code of Iowa; 8) financial incentive payments may be used in combination with Department of Natural Resources funds; and 9) the intent of the General Assembly is to encourage greater use of management practices rather than permanent practices.

Section 504.4 states that the unencumbered or unobligated funds remaining on June 30, 1990 from funds appropriated for FY 1987 revert to the general fund on September 30, 1990.

Soil Conservation Operations
Sec. 504.1

FY 1986 Approp.	FY 1987 <u>Gov. Recomm.</u>	FV 1987 <u>Leg. Action</u>
\$ 3,669,092	3,395,355	3,385,315

This appropriation is for salaries, support, maintenance, assistance to soil conservation districts, and miscellaneous purposes. The FY 1987 Governor's Recommendation reflects a transfer out to the Department of Personnel (\$33,253. 1.0 FTE), savings from consolidating policy and information services (\$29,863. 1.0 FTE), a reduction in district office staff (3200,000,10.0 FTE), and the elimination of district commissioners' per diem (\$10,620). The FY 1987 Legislative Action reflects the Governor's Recommendation with the exception of the reduction in district office staff. Commissioners' per diem will be paid from a separate fund administered by the Department of Management. In addition, the Legislative Action includes a 6.2% reduction in operations (\$210,040). This appropriation includes language stipulating that, in the event of staff reductions, the Department must first consider central office staff positions.

Soil Conservation Cost Share
Sec. 504.2b

FY 1986 Approp.	FV 1987 <u>Gov. Recomm.</u>	FY 1987 Leg. Action
\$ 0,546,520	8,546,519	6,546,519

This appropriation provides financial incentives for soil conservation practices. The FY 1987 Legislative Action reflects a 23.4% reduction in state funaing.

Soil Surveys
Sec. 504.2a

FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$ 312,822	312,821	303,436

This Subsection provides funds to conduct soil surveys in cooperation with county governments and federal agencies. The FY 1987 Legislative Action reflects a 3% reduction in state funding.

AUDITOR OF STATE
H.5c24602.1

FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$ 1,993,336	1,993,336	1,868,000

For saiaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 1.3% decrease from the Governor's Recommendation. The difference between the Governor's Recommendation and the Legislative Action represents a general reduction in the operations of the State Auditor's Office.

CAMPAIGN FINANCE DISCLOSURE COMMISSION
H.5c24602.2

FY 1986 <u>Approp.</u>	FV 1987 <u>Gov. Recomm.</u>	FV 1987 <u>Leg. Action</u>
2 130,441	128,943	155,000

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 20.2% increase over the Governor's Recommendation.

Political Advertisements
Sec. 620

Requires individuals and organizations who cause the publication or distribution of materials designed to promote or defeat the nomination or election of a candidate for public office or the passage of a constitutional amendment or public measure to include on the publication the identity and address of those responsible for the materials.

CIVIL RIGHTS COMMISSION
H.F. 2484
Sec. 201.1

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	746,374	564,368	762,129
FTE	25.00	19.00	24.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Civil Rights Commission. Comparing FY 1986 to FY 1987 Action, there is an increase in state funding due to not accepting the Governor's Recommendation of consolidating Civil Rights with the Department of Human Rights (398,007 and 3 FTE), and per diem elimination for the Commission (\$7,000), plus a transfer out to the Department of Personnel (\$27,245 and 1 FTE) and increasing funding for public hearings (850,000). The per diem is appropriated to the Department of Management.

COMMERCE. DEPARTMENT OF
Accountancy. Board of
H.F. 2484
Sec. 601.1c

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
3	239,589	238,589	213,000

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 10.7% reduction from the Governor's Recommendation. The Governor's Recommendation includes a \$1,000 reduction relating to the elimination of per diem payments. The Legislative Action restored the per diem payments and appropriates the funds to the Office of Management. The difference between the Governor's Recommendation and the Legislative Action represents a general reduction in the operations of the Board of Accountancy.

Alcoholic Beverages Control Division
Sec. 603

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
3	17,675,255	15,083,746	0

Appropriates 39,235,000 from the Beer and Liquor Control Fund for salaries, support, maintenance and miscellaneous purposes. No general fund appropriation is made to the Alcoholic Beverage

Control Division. This Act allows the Division to expend additional funds from the Beer and Liquor Control Fund upon approval from the Office of Management. This Act also requires the Division to place the state's liquor inventory on a bailment system.

No Retail Liquor Sales
Sec. 724-761

Sections 724 through 761 provide for the following; removes the State from the retail sale of alcoholic liquors and establishes the State as the sole wholesaler of spirits, removes the State from the wholesaling of wine, requires a 60% markup on spirits over State cost, establishes class "E" liquor licensees as retailers of alcoholic liquors, requires a 30% surcharge on class "A", "B", and "C" liquor licensees; maintains the distribution of liquor revenues to cities, counties, and substance abuse programs, increases the beer tax from \$4.34 per barrel to \$5.89 per barrel, increases the wine gallonage tax from 31.50 to 31.75, limits advertising on spirits, repeals the 15% liquor licensee tax. requires the Division to establish a retraining program for terminated employees. and requires the Division to adopt reasonable procedures to expedite the release of lease obligations and minimize expenses incurred as a result of this Act. These Sections remove the State from retail liquor sales effective March 1, 1987. All other aspects of these Sections relating to the Alcoholic Beverages Control Division are effective July 1, 1986.

Architectural Examiners, Board of
Sec. 601.1a

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
3	37,124	11,624	42,000

For salary, support, maintenance and miscellaneous purposes. The Legislative Action represents a 261.3% increase over the Governor's Recommendation. This Section contains language allowing the Board to expend additional funds if expenditures for examinations exceed the amount budgeted and the Office of Management approves the additional expenditure. The Governor's Recommendation includes savings (\$24,500 and 1.0 FTE) related to the consolidation of staff under the Department of Commerce and \$1,000 related to per diem payments, The Legislative Action restored per diem payments and makes the appropriation to the Office of Management.

Banking Division
Sec. 601.2

FV 1986	FV 1987	FV 1987
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$ 3,545,772	3,419,695	295,000

Serves as start up funding for the banking revolving fund. The Legislative Action represents a 91.4% decrease from the Governor's Recommendation. The Governor's Recommendation includes a savings of \$122,077 and 4.0 FTE associated with combining Financial Institution Regulation under the Department of Commerce and \$4,000 relating to the elimination of per diem payments. The Legislative Action restored the per diem payments (\$4,000) and makes the appropriation to the Office of management.

Private Bank References
Sec. 617

Deletes references to private banks in Chapter 524.219, Code of Iowa, relating to fees for examinations.

Banking Revolving Fund
Sec. 606

Appropriates \$3,905,000 from the Banking Revolving Fund to the Banking Division of the Department of Commerce. This Act requires the State Treasurer to transfer \$295,000 from the Banking Revolving Fund to reimburse the general fund for start up funding provided to the Banking Revolving Fund.

Revolving Fund Created
Sec. 616

Creates the Banking Revolving Fund for the operations of the Banking Division of the Department of Commerce. This Act requires the General Assembly to appropriate from the revolving fund. The bill also requires the State Treasurer to transfer, annually, \$100,000 from the Banking Revolving Fund to the general fund. The bill exempts the revolving fund from budget cuts under Chapter 8.31, Code of Iowa.

Collective Bargaining Exemption
Sec. 612

Exempts employees of the Credit Union Division, the Banking Division, and Savings and Loan Division from Collective Bargaining.

Credit Union Division
Sec. 601.3

FY 1986	FY 1987	FY. 1987
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$ 521,443	351,598	50,000

Serves as start up funding for the Credit Union Revolving Fund. The Legislative Action represents a 85.8% decrease from the Governor's Recommendation. The Governor's Recommendation includes a savings of \$169,845 and 5.0 FTE relating to combining Financial Institution Regulation under the Department of Commerce.

Credit Union Revolving Fund
Sec. 607

Appropriates \$541,000 from the Credit Union Revolving Fund to the Credit Union Division of the Department of Commerce. This Act requires the State Treasurer to transfer \$50,000 from the Credit Union Revolving fund to reimburse the general fund for start up funding provided to the Credit Union Revolving Fund.

Sec. 518

Creates the Credit Union Revolving Fund for the operations of the Credit Union Division of the Department of Commerce. This Act also requires the State Treasurer to transfer, on an annual basis, \$40,000 from the Credit Union Revolving Fund to the general fund. The revolving fund is exempt from budget cuts under Chapter 8.31, Code of Iowa.

Engineering/Land Surveying Examiners, Board of
Sec. 601.1d

FY 1986	FY 1987	FY 1987
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$ 118,034	59,213	138,000

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 99.4% increase over the Governor's Recommendation. The bill provides language allowing the Board to expend additional funds if expenditures for examinations exceed the amount budgeted and the Office of Management approves the additional expenditure. The Governor's Recommendation includes savings relating to consolidation of administrative and support staff (\$42,071 and 2.0 FTE's) within the Department of Commerce and a 85,750 savings relating to the elimination of per diem payments. The Legislative Action restored the per diem payments (\$6,750) and appropriates the funds to the Office of Management.

Gaming Division
Sec. 601.5

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 0	0	49,000

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 100% increase over the Governor's Recommendation. The Governor's Recommendation of no funding was an oversight. The bill also maintains the \$6,000 annual salary for the members of the Racing Commission for FY 1987 and FY 1988.

Insurance Division
Sec. 601.4

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 2,757,611	2,662,772	1,650,000

For salaries, support, maintenance and miscellaneous purposes. Included in the appropriation is \$350,000 for start up funds for the Insurance Examination Revolving Fund and \$1,300,000 for the operations of the Insurance Division not related to the examination function. The Legislative Action represents a 38.0% decrease from the Governor's Recommendation. The Governor's Recommendation includes savings relating to the reduction of administrative support staff and the elimination of the security vault (\$94,839 and 5.0 FTE's) under the Department of Commerce.

Insurance Examination Revolving Fund
Sec. 608

Appropriates \$1,150,000 from the Insurance Examination Revolving Fund to the Insurance Division of the Department of Commerce. This Act requires the State Treasurer to transfer \$350,000 from the Insurance Examination Revolving Fund to reimburse the general fund for start up funding provided to the Insurance Examination Revolving Fund.

Sec. 615

Creates the Insurance Examination Revolving Fund for the Insurance Division of the Department of Commerce. This Act requires the General Assembly to appropriate from the revolving fund. The bill exempts the revolving fund from budget cuts under Chapter 8.31, Code of Iowa.

Iowa Real Estate Commission
Sec. 601.1e

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 297,414	146,802	146,000

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a .5% decrease from the Governor's Recommendation. Both the Governor's Recommendation and the Legislative Action reflect a \$119,722 and 4.5 FTE reduction associated with the transfer of funds to the Department of Inspections and Appeals and \$24,500 and 1.0 FTE related to the consolidation of Staff under the Department of Commerce. The Governor's Recommendation also includes a \$6,390 reduction due to the elimination of per diem payments. Legislative Action restored the per diem payments (\$6,390) and appropriates the funds to the Office of Management.

Landscape Architectural Examiners, Board of
Sec. 601.1b

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 9,519	8,735	11,000

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 25.9% increase over the Governor's Recommendation. The Governor's Recommendation includes a \$784 reduction relating to the elimination of per diem payments. Legislative Action restored per diem payments and appropriates the funds to the Office of Management.

Merit Department Rule Exemption
Sec. 611

Exempts employees of the Credit Union Division, the Banking Division, and the Saving and Loan Division from Merit Department hiring rules.

Savings and Loan Revolving Fund
Sec. 609

Appropriates \$345,000 from the savings and loan revolving fund to the Savings and Loan Division of the Department of Commerce.

Sec. 619

Requires the State Treasurer to transfer, annually, \$15,000 from the Savings and Loan Revolving Fund to the general fund. This Act also requires the

General Assembly to appropriate from the revolving fund. The revolving fund is exempt from budget cuts under Chapter 8.31, Code of Iowa.

Utilities Division
Sec. 601.6

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 5,602,529	4,350,462	725,000

Serves as start up funding for the Utilities Division Revolving Fund. The Legislative Action represents a 83.3% reduction from the Governor's Recommendation. Both the Governor's Recommendation and the Legislative Action reflect a reduction of 8101.569 and 4.0 FTE associated with the transfer to the Department of Personnel and \$946.342 and 32.0 FTE associated with the transfer of the Grain Warehouse Division to the Department of Agriculture and Land Stewardship. The Consumer Advocate's Office is also funded from the Utilities Division Revolving Fund.

Utilities Division Revolving Fund
Sec. 610

Appropriates \$3,789,400 from the Utilities Trust Fund to the Utilities Division of the Department of Commerce and \$892,000 to the Consumer Advocates Office for operational purposes. The bill requires the State Treasurer to transfer \$725,000 from the Utilities Trust Fund to reimburse the general fund for start up funding provided to the Utilities Trust Fund.

Billings

Sec. 613

Allows the Utilities Division of the Department of Commerce to assess public utilities on a quarterly basis instead of semiannually.

Revolving Fund Created

Sec. 614

Creates the Utilities Division Revolving Fund for the operations of the Utilities Division of the Department of Commerce and the Consumers Advocates office. The General Assembly is required to appropriate from the revolving fund. This Act also exempts the revolving fund from budget cuts under Chapter 8.31, Code of Iowa.

COMMISSION OF UNIFORM STATE LAWS

H.F. 2484

Sec. 707.2

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 9,893	9,893	8,538

Funds are appropriated for support of the Commission and expenses of members. The Legislative Action represents a 13.7% (\$1,355) reduction from the Governor's Recommendation and from FY 1986.

CORRECTIONS. DEPARTMENT OF

Central Office

H.F. 2484

Sec. 402.1

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 1,700,426	1,401,409	1,396,552

The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 6 FTE associated with the Department of Personnel (\$153,292), minus 4 FTE associated with deleting the entire Jail Inspection Program (\$137,549), and minus \$8.176 associated with eliminating per diem for the Board of Corrections. Legislative Action reflects an across-the-board cut of all corrections line items to increase funding for the Correctional Training Center and reductions in travel budgets. The per diem amount deleted by the Governor has been restored and appropriated to the Department of Management.

Community-Eased Corrections

Sec. 403

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 16,553,280	16,553,280	16,495,910

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an across-the-board cut of all corrections line items for the Correctional Training Center and a reduction in travel budgets.

Correctional Training Center
Sec. 402.6

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	309,363	249,363	308,557

The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 2 FTE to be saved by consolidating the Iowa Law Enforcement Academy and the Correctional Training Center (\$60,000). The Legislative Action reflects a restoration of these funds due to the nonconsolidation of the Academy and Training Center.

County Confinement Reimbursement
Sec. 402.4

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	68,536	68,536	68,298

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an across-the-board cut of all corrections line items to increase funding for the Correctional Training Center and jail inspectors.

Drug and Alcohol Treatment
Sec. 402.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	0	0	63,529

The Legislative Action funds the establishment of a licensed alcohol and drug treatment facility at a correctional institution chosen by the Department of Corrections. An amount of 863.750 was taken from the Governor's \$1,000,000 recommendation for OWI programs and reduced by an across-the-board cut of all corrections line items to increase funding for the Correctional Training Center.

Federal Prisoners & Muslim Iman
Sec. 402.5

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	356,957	356,957	355,720

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an across-the-board cut of all Corrections line items to increase funding for the Correctional Training Center.

Fruit Tree Farms Program
Sec. 401.2

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	0	0	9.973

Legislative Action funds starting a fruit orchard program at the correctional institutions. Language is included providing that these funds shall not revert at the end of the fiscal year.

Institutions
Sec. 401

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	50,818,915	50,307,078	50,094,227

The Legislative Action is based upon allocations to the 8 correctional institutions as follows:

Fort Madison (ISP): Legislative Action is \$15,705,228, which is \$61,671 less than recommended by the Governor. The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 5 FTE associated with the Department of Personnel (\$111,231). The Legislative Action reflects an across-the-board cut of all corrections line items to increase funding for the Correctional Training Center, reductions in travel budgets, and an adjustment for lower gas prices.

Anamosa (IMR): Legislative Action is \$10,559,711, which is \$46,810 less than recommended by the Governor. The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 6 FTE associated with the Department of Personnel (\$134,983). The Legislative Action reflects an across-the-board cut of all corrections line items to increase funding for the Correctional Training Center, reductions in travel budgets, and an adjustment for lower gas prices.

Oakdale (IMCC): Legislative Action is \$6,878,288, which is \$27,174 less than recommended by the Governor. The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 5 FTE associated with the Department of Personnel (\$113,625). The Legislative Action reflects an

across-the-board cut of all corrections line items to increase funding for the Correctional Training Center, reductions in travel budgets, and an adjustment for lower gas prices.

Newton (Riverview): The Legislative Action is \$1,851,068, which is \$9,447 less than recommended by the Governor. The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 1 FTE associated with the Department of Personnel (\$20,150). The Legislative Action reflects an across-the-board cut of all corrections line items to increase funding for the Correctional Training Center, reductions in travel budgets, and an adjustment for lower gas prices.

Mount Pleasant (MSU): The Legislative Action is \$7,942,464, which is \$30,848 less than recommended by the Governor. The Governor's Recommendation is based on the revised amount available in FY 1986, minus 3.6 FTE associated with the Department of Personnel (\$89,381). The Legislative Action reflects an across-the-board cut of all corrections line items to increase funding for the Correctional Training Center, reductions in travel budgets, and an adjustment for lower gas prices.

Rockwell City (NCCF): The Legislative Action is \$1,953,109, which is \$12,868 less than recommended by the Governor. The Governor's Recommendation is based on the revised amount available in FY 1986. The Legislative Action reflects an across-the-board cut of all corrections line items to increase funding for the Correctional Training Center, reductions in travel budgets, and an adjustment for lower gas prices.

Clarinda (CTU): The Legislative Action is \$2,793,242, which is \$11,746 less than recommended by the Governor. The Governor's Recommendation is based on the revised amount available in FY 1986, minus 1 3/4 FTE associated with the centralized Department of Personnel (\$42,467). The Legislative Action reflects an across the board cut of all corrections line items to increase funding for the Correctional Training Center, reductions in travel budgets, and an adjustment for lower gas prices.

Mitchellville (ICIW): The Legislative Action is \$2,411,117, which is \$12,287 less than recommended by the Governor. The Governor's Recommendation is based on the revised amount available in FY 1986. The Legislative Action reflects an across-the-board cut of all corrections line items to increase funding for the Correctional Training Center, reductions in travel budgets, and an adjustment for lower gas prices.

PRISON CAP: The cap on inmate population is maintained at the current level of 2,645. The Luster Heights Honor Camp and the OWI community facilities (see Section 402 of this Act) are excluded from the count for the cap. If the cap is exceeded for 60 days, a prison overcrowding emergency is declared, triggering accelerated parole board consideration of inmates for parole. Language is included providing that offenders for whom the parole board has authorized parole, but do not yet have adequate parole plans, may remain within the institution for up to 10 days; during this time the offender will not be included in the count for the cap. The cap on Anamosa of 850 inmates is continued.

MONTHLY REPORTS - EXPENDITURES: The Department is required to report to the Legislative Fiscal Bureau on a monthly basis the current expenditures of the Department's various allocations, comparing them to budgeted expenditures.

Jail Inspectors
Sec. 402.7

	FY 1986	FY 1987	FY 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	0	75,204

The Governor's Recommendation reflects the proposed elimination of jail inspection activities by the Department of Corrections. The Legislative Action reflects the decision to continue these activities at approximately 1/2 the current level.

OWI Community Facilities
Sec. 402.2

	FY 1986	FY 1987	FY 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	1,000,000	833,006

The Legislative Action reflects a decision to use \$63,750 of the \$1,000,000 recommended by the Governor for OWI Programs to improve alcohol and drug abuse treatment at a correctional institution (see Section 402.3 of this Act), an across the board cut of all corrections line items to increase funding for the Correctional Training Center, and a \$100,000 reduction. Language is included specifying conditions for spending these funds, including:

1. By October 1, 1986, the Department shall establish in each judicial district bed space for the confinement and treatment of OWI

offenders. Prior to establishing any facilities, the Department is required to solicit bids from all interested parties.

2. Funds shall be allocated to the Community Corrections District Department, once a written agreement has been signed specifying the number of beds, the treatment to be provided, and the siting of the beds. Budgets of the facilities shall be patterned after existing work release facilities.
3. The Department of Corrections and the Department of Public Health shall annually review the facilities to ensure compliance with program and licensing standards. The Department of Corrections has the authority to correct deficiencies or to assume administrative control. If deficiencies are not corrected.
4. The Community Corrections District Departments shall offer employment counseling services to OWI offenders who are receiving substance abuse treatment. Each OWI offender shall be charged a daily fee, but services shall not be denied because of an inability to pay this fee.

CULTURAL AFFAIRS. DEPARTMENT OF
Arts Division
Amana Art Guild-Folk Art Show
H.F. 2484
Sec. 102.5

FY 1986 Approp.	FY 1987 <u>Gov. Recomm.</u>	FY 1987 Leg. Action
\$ 0	0	20.000

This appropriation is for the Amana Art Guild-Folk Art Show.

Cedar Rapids Science Station
Sec. 102.2

FY 1986 Approp.	FY 1987 <u>Gov. Recomm.</u>	FY 1987 Leg. Action
\$ 0	0	30.000

This appropriation is for the Cedar Rapids Science Station.

Clinton River Theatre
Sec. 102.6b

FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$ 0	0	20,000

This appropriation is for the Clinton Riverboat Theatre.

Davenport River Development
Sec. 102.7

FV 1986 <u>Approp.</u>	FV 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$ 0	0	35,000

This appropriation is for Davenport River Development.

Dubuque Great Rivers Hall of Fame
Sec. 102.4

FV 1986 <u>Approp.</u>	FV 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$ 0	0	40,000

This appropriation is for the Dubuque Great Rivers Hall of Fame.

Endowment Fund
Sec. 142

This Section allows the Arts Division to keep the interest earned on gifts and contributions.

General Office
Sec. 101.1

FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$ 502,704	397.174	450,000

This Subsection appropriates funds for salaries, support, maintenance, and miscellaneous purposes including funds to match federal grants. The Legislative Action is a \$52,704 decrease from FY 1986.

Herbert Hoover Memorial
Sec. 102.1

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	0	35,000

This appropriation is for the Herbert Hoover Memorial in West Branch, Iowa.

Ottumwa Arts Council
Sec. 102.3

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	0	30,000

This appropriation is for the Ottumwa Arts Council.

Promotion of the Arts
Sec. 102.8

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	0	40,000

This appropriation is for the promotion of the arts.

Capital Expenditures
Sec. 164

This Section states that funds appropriated to the Department shall not be used for capital improvements with the exceptions of the capital projects in the Arts and Historical Divisions.

Historical Division
Blood Run Landmark
Sec. 2

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	0	125,000

This appropriation is for the acquisition of the Blood Run National Historic Landmark. The appropriation shall be matched by revenue from other sources. Of the appropriation, \$10,000 shall be allocated to the state archaeologist for conducting an archaeological study.

Bowstring Bridge
Sec. 103.4

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	0	20,000

This appropriation is for Bowstring Bridge at Freeport.

Gardner Cabin Land
Sec. 103.1

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 30,000	0	41,700

This appropriation is for a 1 year contract for the purchase and development of this property. This is the final year of the purchase contract.

General Office
Sec. 101.2a

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 1,342,114	1,283,249	1,286,045

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes. Legislative Action represents a \$56,069 decrease from the FY 1986 funding level. The funds for the Board are contained in this appropriation. The Division may sell mementos on property under control of the Division and charge admissions at Montauk historical site and keep the fees and income generated. The per diem (\$3,000) for the Board has been restored and appropriated to the Department of Management.

Haverhill Blacksmith Shop
Sec. 103.2

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 19,230	0	30,000

The appropriation is to prepare this site to open it to the public.

Herbert Hoover Birthplace
Sec. 101.7

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	1,286	1,285	1,246

Funds are appropriated for projects designed to maximize visitor appreciation of this historical resource.

Iowa City Repairs
Sec. 103.5

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	0	0	40,000

This appropriation is for repairs at the Iowa City State Historical Building.

Montauk
Sec. 103.3

	<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	30,000	0	20,700

This appropriation is for Montauk at Clermont.

Old Fort Madison
Sec. 103.6

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	0	0	25,000

This appropriation is for Old Fort Madison.

Old Territorial Capitol
Sec. 103.8

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	0	0	22,000

This appropriation is for old Territorial Capitol at Burlington.

Rock Island Depot
Sec. 103.7

	<u>FY 1986</u> <u>Approp.</u>	<u>GoFY 1987</u> <u>Gov. Recomm.</u>	<u>LegFY 1987</u> <u>Leg. Action</u>
\$	0	0	20,000

This appropriation is for the Rock Island Depot at Council Bluffs.

Site Promotion
Sec. 103.9

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	0	0	30,000

This appropriation is for the promotion of historical sites in the state.

Terrace Hill Authority
Sec. 101.6

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	153.2 15	132,083	137,792

This Subsection appropriates funds for the salaries, support, maintenance, and miscellaneous purposes of the Terrace Hill Authority. Legislative Action represents a \$15.423 decrease from the FY 1986 funding.

Library Division
Regional Libraries
Sec. 101.3b

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	1,474,980	1,474,979	1,430,730

Funds are appropriated to the 8 regional libraries. Legislative Action represents a \$44.250 (3%) decrease from the FV 1986 funding level.

State Library
Sec. 101.3a

	<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	1,143,640	1,038,693	1,058,693

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes in the State Library. Legislative Action represents a \$84,947 decrease from the FY 1986 funding level. The per diem (\$1,500) for the Board has been restored and appropriated to the Department of Management.

Public Television Division
General Office
Sec. 101.4

<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 5,898,738	5,586,848	5,586,848

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes. The Governor's Recommendation and Legislative Action represent a decrease of 8311,890 from the FY 1986 funding level. The per diem (\$1,712) for the Board has been restored and appropriated to the Department of Management.

Sale of Building
Sec. 112

This Section allows the Division to retain the proceeds from the sale of their current building and property. The funds are to be used to pay a portion of the costs for construction of their new building.

ECONOMIC DEVELOPMENT. DEPARTMENT OF
Advertising/Marketing
H.F. 2484
Sec. 1.3

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
8 95,189	95,189	92,333

This appropriation is for advertising and marketing programs. The Governor's Recommendation is the same as the FY 1986 appropriation. Legislative Action represents a 3% reduction from the Governor's Recommendation.

Ambassador's Program
Sec. 1.4

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 0	0	1,000,000

This appropriation is for the establishment of an Iowa Ambassadors Program. The appropriation shall

be matched with private capital to develop a national and international marketing program. The program may include a network of trade contacts through alumni of Iowa colleges and universities. The Governor did not recommend a general fund appropriation for FV 1987.

Asian Trade Office
Sec. 1.5

<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	0	300,000

This appropriation is for the establishment of an Asian Trade Office. The Governor did not recommend a general fund appropriation for FV 1987.

Child Care/Job Training Partnership Act Grants
Sec. 1.12

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 0	0	1,000,000

This appropriation is for funding of child care services and displaced homemakers programs in connection with JTPA programs.

Community Development Block Grant Administration
Sec. 1.7

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 111,042	55,521	53,800

This appropriation is for the administration of the Community Development Block Grant. The Governor's Recommendation transfers \$55,521 of the FY 1986 appropriation to the Office of Management and a \$55,521 appropriation to the Department of Economic Development. Legislative Action represents a 3% reduction from the Governor's Recommendation.

Export Finance Program
Sec. 1.6

<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	0	1,000,000

This appropriation is for the establishment of an Export Finance Program. The program shall provide

interest buy-downs for small businesses entering the export market. The Governor did not recommend a general fund appropriation for FY 1987.

General Fund Repayment

Sec. 33

This Section amends Chapter 256.11. Acts of 1985. The Iowa Development Commission is not required to transfer \$200,000 from its tourism and advertising budget to the general fund during FY 1986.

Sec. 36

Repayment This Section stipulates the Section 33 of this Act is retroactive to June 1, 1986.

General Office

Sec. 1.1

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 3,981,496	3,248,498	3,000,000

The FY 1986 appropriation reflects the Department of Economic Development in terms of FY 1986 programs and functions. The FY 1986 appropriation reflects: the Iowa Development Commission, (IDC), General Office, excluding tourism functions; the Office for Planning and Programming, (OPP), general office; and agriculture marketing functions from the Department of Agriculture.

The Governor's Recommendation reduces the FY 1986 appropriation through: savings of \$285,828 from the Iowa Development Commission; a \$37,814. (1.0 FTE), transfer from IDC to the Department of Personnel; a \$127,216 savings from the Office for Planning and Programming; a \$266,527. (3.0 FTE), transfer from OPP to the Office of Management; and a \$15,613. (2.0 FTE), transfer from OPP to the Department of Personnel. The Recommendation includes a \$292,914 transfer from the Marketing Division of the Department of Agriculture.

The Governor's Recommendation for the Department of Economic Development also included: a \$19,038 amount for the Governor's for Volunteers and eliminating appropriations for the High Technology Council and grants, the Iowa Product Development Fund, and OPP's Economic Appraisal functions.

Legislative Action reflects an appropriation for the Department as passed in the reorganization bill. The Department includes: the Development Commission's General Office, excluding tourism/promotion functions; the OPP's General Office; and limited agriculture-related marketing functions.

Legislative Action also established a 3-member Wine and Beer Promotion Board in Sections 719 and 720 of this Act. The Department shall provide administrative support to the board.

Job Training Partnership Act Administration

Sec. 1.8

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 1,012,222	958,936	950,936

This appropriation is for the administration of the Job Training Partnership Act program. The Governor's recommended a \$53,286 and 2 FTE reduction from the FY 1986 appropriation. Legislative Action is the same as the Governor's Recommendation.

Mississippi River Parkway Commission

Sec. 1.9

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 14,946	14,946	15,000

This appropriation is for salaries, support, and maintenance of the commission. The Governor's Recommendation is the same as the FY 1986 appropriation. Legislative Action represents a .4% increase above the Governor's Recommendation.

Tourism/Promotion

Sec. 1.2

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
ITEM VETO	\$ 582,018	2,554,560	1,429,560

This appropriation is for tourism and promotion functions. The FY 1986 appropriation reflects funds budgeted for tourism and promotion within the General Office appropriation for the Development Commission.

The Governor's Recommendation reflects a \$1,972,542 increase above the FY 1986 appropriation. Legislative Action represents a 44% reduction from the Governor's Recommendation. Legislative Action also stipulates that \$100,000 of the \$1,429,560 appropriation shall be used for a State Tourism/Marketing Plan and that \$1,000,000 of the appropriation shall not be expended until the plan is completed and submitted to the Legislative Council. A Tourism/Marketing Plan Task force is

created to develop guidelines for the tourism/marketing plan. Also, the Department is required to cooperate with the Department of Cultural Affairs to acquire the Gothic House in Eldon, Iowa for promotion/tourism functions.

Wine and Beer Promotion Board
Sec. 719-20

These Sections create a 3-member Board to promote wine and beer. The Department shall provide administrative support to the board.

Youth Corps
Sec. 1.11

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 832,709	832,709	330,000

This appropriation is for salaries, support, and maintenance of the Youth Corps program. The Governor's Recommendation included that Youth Corps programs be administered by the Department of Employment Services. Legislative Action represents a 60% reduction from the Governor's Recommendation.

Youth Services Administration
Sec. 1.10

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 71,391	0	71,391

This appropriation is for the administration of the Iowa Youth Corps. The Governor's Recommendation included that the Youth Corps be administered through the proposed Department of Employment Services and that the 371,391 would be saved. Legislative Action has placed the Youth Corps program in the Department of Economic Development. Hence, the Department was appropriated \$71,391 to administer the Youth Corps Program.

EDUCATION. DEPARTMENT OF
Capital Expenditures
H.F. 2484
Sec. 164

This Section states that funds appropriated to the Department shall not be used for capital improvements.

Code Chapters Repealed
Sec. 162

This Section repeals the following Chapters of the Code and their appropriations:

- 257.44 - Grants for foreign language programs, now in the Department of Education (DOE) appropriation.
- 292.1 - Library fund for Area Educational Agencies Media Services.
- 302.13 - Apportionment of Permanent School Fund interest.
- 442.44 - Funds for foreign language classes, now in DOE appropriation.

College Aid Commission
Elderlaw Program
Sec. 4.3

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 95,189	0	95,000

This appropriation is for salary, support, and maintenance of the Elderlaw Education Program.

General Office
Sec. 4.1

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 422,257	132,667	270,230

This appropriation is for salaries, support, and maintenance for the College Aid Commission. The Governor's Recommendation reduced the FV 1986 appropriation through a \$289,590 savings from the College Aid Commission.

Legislative Action represents a 104.4% increase above the Governor's Recommendation.

Guaranteed Student Loan Payment Program
Sec. 17

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$ 57,690	57,690	57,690

This standing limited appropriation is to the College Aid Commission for providing reimbursement payments for guaranteed student loans.

Guaranteed Student Loan Program

Sec. 26

This section amends Chapter 261.38(1), Code of Iowa. The Department of Management shall determine the actuarially sound reserve requirement for Iowa Guaranteed Student Loan reserve account.

Sec. 27

This Section stipulates that moneys shall be appropriated from the student loan reserve account to the College Aid Commission for operating costs of the loan program.

Math/Science Loans

Sec. 18

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 67,305	67,305	67,305

This standing limited appropriation is to the College Aid Commission for providing science and math loans.

Math/Science Grants - Supplemental

Sec. 19

<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 961,500	0	900,000

This standing limited appropriation is to the College Aid Commission for providing science and math grants. The Governor's Recommendation was to eliminate the appropriation for FY 1987.

Math/Science Letter

Sec. 114

This Section requires the College Aid Commission to send a letter to high school seniors eligible for math and science grants notifying them of the availability of the grants.

Osteopathic School Aid

Sec. 5.1

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 825,410	825,410	725,410

This appropriation is for the subvention program at the School of Osteopathic Medicine and Surgery. Legislative Action represents a 12% reduction from the Governor's Recommendation.

Scholarship Program

Sec. 16.2

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 336,525	336,525	336,525

This standing limited appropriation is to the College Aid Commission for providing scholarships to Iowa students.

Student Loan Requirements

Sec. 25

This Section amends Chapter 261.35(5), Code of Iowa. An eligible borrower for Iowa guaranteed student loans shall include eligible students living in a contiguous state and is borrowing from an Iowa-based eligible financial institution.

Tuition Grant Program

Sec. 4.2

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY. 1987</u> <u>Leg. Action</u>
\$ 926,184	926,184	926,184

This appropriation is to supplement the standing limited tuition grant appropriation in Chapter 261.25, Code of Iowa.

Sec. 16.1

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 19,806,900	19,806,900	19,806,900

This standing limited appropriation is to the College Aid Commission for tuition grants.

Vocational-Technical Tuition Grants

Sec. 16.3

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 646,582	646,582	646,582

This standing limited appropriation is to the College Aid Commission for the provision of tuition grants to Iowa students enrolled in vocational and technical schools.

Fire Service Education
Sec. 105.1b

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 190,377	140,377	140,377

Legislative Action is a \$50,000 decrease from the FY 1986 funding level. This appropriation is made to the Department who in turn funds Iowa State University.

First In The Nation In Education
Sec. 121-3,139-40

These Sections allow the interest generated by the permanent school fund to go to the First In The Nation In Education Program. Currently interest on the Permanent School Fund (approximately \$500,000) goes to the Area Educational Agencies (AEA) for the provision of media services. That amount will be made up by increasing the AEA Media cost per pupil by \$1.01. This will be an average property tax increase of .7 cents per thousand dollars assessed valuation.

General Office
Sec. 105.1a

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 3,935,153	3,622,904	4,148,910

Funds the salaries, support, maintenance, and miscellaneous purposes of the Department. Legislative Action represents a \$228,757 increase from the FY 1986 funding. The Department is required to expend at least \$500,000 for grants to develop elementary and secondary foreign language programs. The funding for this program is created by striking 2 foreign language programs with standing limited appropriations. Section 162 of this Act repeals Chapter 257.44. Code Supplement 1985, which had appropriated \$150,000 for grants to develop elementary foreign language programs. Section 162 of this Act repeals Chapter 442.44, Code Supplement 1985, which had appropriated \$500,000 for \$50 per pupil payments to districts with children enrolled in certain foreign language courses. The Department also is required to expend funds for the continuation of the subject matter committees which began last year. The per diem

(\$23,134) for the Board has been restored and appropriated to the Department of Management.

Evaluator Approval
Sec. 105.1c

From the funds appropriated to the Department's General Office, \$60,000 shall be used to provide for the development of an evaluation approval process. Of the \$60,000 up to \$10,000 may be used to develop mental retardation model curriculum.

Merged Area Schools

Auditable Contact Hours

Sec. 113

This Section requires the Department to establish standards for auditable reimbursable contact hours for each program offered by 1 or more area schools.

Funding Formula

Sec. 145

These Sections implement the funding formula as recommended by the Area School Funding Formula Task Force. The formula is based upon 5 instructional cost centers and 4 non-instructional functions. The formula contains no appropriation, but contains a provision that when funds are appropriated for this chapter they will be distributed according to the formula.

FY 1986 - General Aid for the 4th Quarter

Sec. 107

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 13,776,507	13,776,507	13,776,507

This Section reduces the Merged Area Schools appropriation to the FY 1996 funding level.

FY 1587 - General Aid for the 4th Quarter

Sec. 106-108

<u>FV 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FV 1988</u> <u>Leg. Action</u>
\$ 13,776,507	13,776,507	14,129,583

This appropriation is the final quarter of FY 1987 state aid which is to be in FY 1988. Legislative Action increases the Governor's Recommendation by \$353,078. Of this amount, \$263,390 is distributed on the basis of the formula to promote equity among the schools. Each school with total aid per eligible contact hour below the state average total aid per contact hour is to receive a portion of the \$263,390 prorated to reflect the amount that the school state aid per reimbursable contact hour is

below the statewide average. In addition, the two smallest schools receive a minimum guarantee. The remaining **\$89,686** is appropriated to each of the 3 area schools which the Governor recommended elimination of funding for radio stations.

General Aid
Sec. 105.11a

	FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$	41,517,352	41,517,352	42,576,586

This appropriation is the first 3/4 of FY 1987 state aid which is to be paid in FY 1987. The final quarter of FY 1987 is delayed and paid in FY 1988. Legislative Action increases the Governor's Recommendation by **\$1,059,234**. Of this amount, **\$790,168** is distributed on the basis of the formula to promote equity among the schools. Each school with total aid per eligible contact hour below the state average total aid per contact hour is to receive a portion of the **\$790,168** prorated to reflect the amount that the school state aid per reimbursable contact hour is below the statewide average. In addition, the two smallest schools receive a minimum guarantee. The remaining **\$269,066** is appropriated to each of the 3 area schools which the Governor recommended elimination of funding for radio stations.

Publication Requirements
Sec. 134

This Section exempts those area schools under 125,000 population from the requirement of publishing quarterly a statement of disbursements. Now all area schools will publish this information annually.

Salary Adjustment
Sec. 120

This Section requires that the **32,000,000** additional salary adjustment, appropriated last year, will be for the adjustment of the base pay of area school non-administrative certificated employees.

State Vocational Aid
Sec. 105.11b

	FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$	8,049,521	8,049,520	8,049,520

The Governor's Recommendation and Legislative Action are the same as the FY 1986 funding level.

Non-english Speaking Students
Sec. 105.10

	FY 1986 Approp.	FY 1987 Gov. Recormm.	FY 1987 Leg. Action
\$	185,047	185,046	150,000

Legislative Action is a **\$35,046** reduction from the FY 1986 funding level.

Nonpublic School Transportation
Sec. 135-138

ITEM VETO These Sections change the amount by which parents who transport their children to a nonpublic school are reimbursed. The additional factors of distance and number of family members transported are factored into the distribution.

Professional Teaching Practices
Sec. 105.4

	FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$	55.128	0	35.128

The Governor's Recommendation was to eliminate the Professional Teaching Practices Commission. Legislative Action reinstated the Commission.

Programs For Payment Of Educational Costs
Sec. 115-9.133

These Sections apply to the following 4 programs; Children in Juvenile Homes, Children Placed by District Court, Child Living in a Foster Care Facility and Payment for Certain Children. These programs pay the costs of children who have had parental rights terminated, have been placed by the court, live in a foster care facility, or require special education and live in an institution. The programs have been standing unlimited appropriations and the providers of the educational services are reimbursed for the amount of their claims. Claims are submitted by September 1 of the fiscal year following the provision of the services. The cost of these 4 programs is limited to **\$1.474** million. This cost is to be prorated back to the school districts based upon the amount of state aid they receive. The Department shall adopt rules regarding the provision of services for juvenile homes which are not operated by counties.

School Budget Review Committee
Sec. 105.8

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 14,278	14,278	110,000

Legislative Action represent a \$95,722 increase from the FY 1986 funding level. Of this amount \$100,000 is to be used as Merged Area Schools (MAS) supplemental aid under Chapter 286A.14, Code of Iowa.

School Food Service
Sec. 105.6

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 3,053,266	3,175,524	3,173,131

Funds the salaries, support, maintenance, and miscellaneous purposes of the School Food Service. Legislative Action is a 32,393 decrease from the Governor's Recommendation which is a reduction in the travel budget.

State Foundation Base
Sec. 143

This Section increases the school aid state foundation base from 80% to 81.5% starting in FY 1988. This is estimated to cost an additional \$22.3 million in state funds and would reduce property taxes by a like amount. This would not increase the total funds available to a school district just shift funding from property tax to state aid. Starting in FY 1989 the foundation would increase by .5% until it reached 85%.

Teacher Certification Refund
Sec. 124

This Section strikes the language which reimbursed applicants for teaching certificates, if they failed the test. This standing unlimited appropriation is estimated to cost \$4,000 for FY 1986.

Textbooks Of Nonpublic School Pupils
Sec. 105.7

FY 1986 Approp.	FY 1987 Gov. Recomm.	FV 1987 Leg. Action
\$ 333,160	333,160	333,160

The Governor's Recommendation and Legislative Action are the same as the FY 1986 funding level.

Vocational Education - Secondary
Sec. 105.3

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 3,579,723	3,723,061	3,723,061

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes. The Governor's Recommendation and Legislative Action represent an increase of \$143,338 over the FY 1986 funding level to make up funds lost due to the 3.85% reduction. The Board of Education is to provide the opportunity for input from labor groups on vocational programs which may lead to apprenticeships.

Vocational Education Administration
Sec. 105.2

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 836,061	836,060	795,655

Funds the salaries, support, maintenance, and miscellaneous purposes of Vocational Education. This is a \$40,405 decrease from the Governor's Recommendation for operations (3% or \$25,082) and travel (\$15,323).

Vocational Rehabilitation Division
Sec. 105.9

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 2,618,470	2,610,056	2,587,715

Funds the salaries, support, maintenance, and miscellaneous purposes of the Vocational Rehabilitation. Legislative Action is a \$30,755 decrease from the FY 1986 funding level.

Vocational Youth Organization
Sec. 105.5

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 9,253	9,252	9,252

The Governor's Recommendation and Legislative Action are the same as the FY 1986 funding level.

ELDER AFFAIRS. DEPARTMENT OF
Alzheimer's Support Program
 H.F. 2484
 Sec. 203.6

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	0	1,000,000	70,000
FTEs	0.00	2.00	0.00

This appropriation funds the Alzheimer's Disease Support Program. For FY 1987 there is a decrease from the Governor's Recommendation for the implementation of the comprehensive assessment instrument (\$56,392). care plan development (\$323,512). case management (\$489,720), a Long-Term Care Coordinator (\$29,577 and 1 FTE) and a Long-Term Care Ombudsman for the Care Review Committees (\$30,577 and 1 FTE). Intent language states that the Department shall not use this appropriation for administrative purposes.

Area Agencies on Aging
 Sec. 203.2

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	114,248	114,248	114,248

This appropriation is for grants to Area Agencies on Aging.

Elderly Services Programs
 Sec. 203.7

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	777,195	577,195	777,195

This appropriation funds Elderly Services Programs. Comparing FY 1986 to FY 1987 Action, there is no change in state funding due to not accepting the Governor's Recommendation of reducing the funding of the Elderly Independent Living Program (\$200,000).

General Office
 Sec. 203.1

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	247,601	199,645	245,601
FTE	29.50	27.50	29.50

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the General Office. Comparing FY 1986 to FY 1987 Action, there is no difference in state funding due to not accepting the Governor's Recommendation consolidating Elder Affairs with the Department of Human Rights (\$15,956 and 3 FTE), per diem elimination for the Commission on Elderly Affairs (\$2,000), and the reduction of administrative support for Aging Programs (\$30,000). The per diem is appropriated to the Department of Management.

Older Iowans Legislature
 Sec. 203.4

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	12,953	12,953	12,953

This appropriation funds the annual Older Iowans Legislature.

Retired Iowan's Community Employment Program
 Sec. 203.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	104,865	104,865	104,865

This appropriation funds the Retired Iowan's Community Employment Program.

Retired Seniors Volunteer Program
 Sec. 203.5

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	14,270	14,278	14,278

This appropriation funds the Retired Seniors Volunteer Program. Intent language states that the entire appropriation shall be equally divided among the programs in existence on July 1, 1986 and the Department shall not use this appropriation for administrative purposes.

EMPLOYMENT SERVICES. DEPARTMENT OF
Industrial Services, Division of
 H.F. 2484
 Sec. 604.2

	FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FV 1987 <u>Leg. Action</u>
\$	946,196	929,099	946,199

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 1.8% increase over the Governor's Recommendation. The Governor's Recommendation includes a \$17,097 savings associated with the consolidation of staff under the Department of Employment Services. This Act also includes intent language requiring the discount table for commutations in 500 Administrative Code, Section 6.3, which was in effect immediately prior to March 20, 1985 and which was based on a simple rather than compound interest factor, be uniformly applied to all commutations approved by the Industrial Commission prior to March 20, 1985 as a valid interpretation of the General Assembly's intent to commute future workers' compensation payments to a present worth lump sum payment pursuant to Sections 85.45 and 85.47. This Act also requires that the same interest factor be uniformly applied to all commutations approved by the Industrial Commissioner on or after March 20, 1985.

Job Services Division

Unemployment Trust Funds
 Sec. 621

Appropriates \$1,068,942 from funds made available to Iowa pursuant to Chapter 903 of the Federal Social Security Act, to the Job Services Division of the Department of Employment Services for the repayment of the principal balance of a lease-purchase agreement for data processing equipment.

Sec. 622

Allows the Job Services Division of the Department of Employment Services to use administrative funding allocated to Iowa from surplus funds made available pursuant to Chapter 903 of the Federal Social Security Act for certain designated capital projects. This Act increases from 24 years to 34 years the time period the state is allowed to requisition surplus unemployment trust funds. This Section places Iowa in conformity with federal law.

Employment Security Contingency Fund

Sec. 623.1

Allows the Job Services Division of the Department of Employment Services to use funds remaining on June 30, 1986, in the special employment security

contingency fund, during the fiscal year beginning July 1, 1986 and ending June 30, 1987 for expenditures under Subsection 2 of this Act.

Sec. 623.2a

Allows the Division to expend up to \$50,000 from the contingency fund for the purchase and installation of an electrical transformer.

Sec. 623.2b

Allows the Division to expended up to \$200,000 from the contingency fund for the support of county labor survey economic development teams.

Sec. 623.2c

Establishes the department approved training fund. Any balance remaining in the special employment security contingency fund is deposited in the training fund. These funds are used to pay the instructional costs of training, relating to tuition and course fees, for individuals who are financially incapable of paying the instructional costs of the approved training. This Act also allows the Division to expend up to \$30,000 for administrative costs relating to the training program.

Labor Services, Division of

Sec. 604.1

	FV 1986 <u>Approp.</u>	FV 1987 <u>Gov. Recomm.</u>	FV 1987 <u>Leg. Action</u>
\$	1,521,499	1,451,936	1,563,000

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 7.6% increase over the Governor's Recommendation. The Governor's Recommendation includes a savings of \$49,563 and 4.50 FTE relating to streamlining the number of units within the Labor Services Division of the Department of Employment Services and \$20,000 and 1.0 FTE due to consolidation of staff under the Department of Employment Services.

EXECUTIVE COUNCIL

General Office

H.F. 2404
 Sec. 703

	FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FV 1987 <u>Leg. Action</u>
\$	40,830	40,830	39,605

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes. The

Legislative Action represents a 3% (\$1,225) operations reduction from the Governor's Recommendation and from FY 1986.

Funds are appropriated from this Fund for salaries, support, maintenance, and miscellaneous purposes. The Governor's Recommendation is equal to the FY 1986 appropriation less 3.85%.

GENERAL SERVICES, DEPARTMENT OF
 Capitol Planning Commission
 H.F. 2484
 Sec. 705.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	2,623	1,783	1,255

Funds are appropriated for per diem of \$40.00 per day and expenses of the members in carrying out their duties. The difference between the Governor's Recommendation and FY 1986 reflects the Governor's elimination of per diem for commission members (\$840). The legislative action represents a 29.6% (\$528) reduction from the Governor's Recommendation and from FY 1986. The per diem (\$840) has been restored and appropriated to the Department of Management.

Centralized Printing Revolving Fund
 Sec. 706.1

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	745,877	717,161	717,161

Funds are appropriated from the Centralized Printing Revolving Fund for salaries, support, maintenance and miscellaneous purposes. The Governor's Recommendation is equal to the FY 1986 appropriation less 3.85%.

Sec. 706.2

This Subsection states that the remainder of the Centralized Printing Permanent Revolving Fund is appropriated for the expense incurred in supplying paper stock, offset printing, copy preparation, binding, distribution costs, original payment of printing and binding claims and contingencies arising during the fiscal year which are legally payable from this Fund.

Centralized Purchasing Revolving Fund
 Sec. 706.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	471,050	452,915	452,915

Sec. 706.4

This Subsection states that the remainder of the Centralized Purchasing Revolving Fund is for the payment of expenses incurred through purchases by various state departments and for contingencies arising during the fiscal year which are legally payable from this Fund.

Data Processing, Division of
 Sec. 705.2

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	6,453,999	6,271,254	6,217,905

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of the Division. As a result of state government reorganization, the Division of Data Processing is transferred from the Comptroller's Office to the Department of General Services. Personnel functions (\$42,259 and 2.00 FTE) are transferred to the Department of Personnel. The Governor's reorganization plan transferred the Division of Voter Registration, formerly in the Data Processing Division to the Secretary of State (\$140,485 and 5.00 FTE). Under S.F. 2175, the Division of Voter Registration is retained in the Division of Data Processing.

The Legislative Action represents a 1.0% (\$53,349) operations reduction from the Governor's Recommendation, although the Governor had recommended the transfer of the Division of Voter Registration to the Secretary of State.

FY 1986 Capitals
 H.F. 2380
 Sec. 17

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	900,600	0	0

The Legislative Action is the same as the Governor's Recommendation which appropriates no funds for capital projects in FY 1987.

General Office
H.F. 2484
Sec. 705.1

	FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$	4,728,660	4,789,395	4,590,964

Funds are appropriated for the salaries, support, maintenance, and miscellaneous purposes of the General Office. As a result of state government reorganization, the Property Management responsibilities of the Department of Human Services (\$185,162 and 7.00 FTE) are transferred to the Department of General Services. The Department will also assume responsibility for Job Service maintenance and inspections services (\$21,600). Personnel functions (\$102,827 and 4.35 FTE) are transferred to the Department of Personnel. The Legislative Action represents an operations reduction of 4.1% (\$198,431) from the Governor's Recommendation.

This Section also contains intent language stating that savings achieved in providing telecommunications service shall be used by the Department to increase efficiencies in the provision of those services.

Rental Space
Sec. 705.5

	FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$	950,158	917,846	890,311

Funds are appropriated for payment of lease or rental costs of building and office space outside the Capitol Complex. The Governor's Recommendation reflects a downsizing savings of \$32,312 which is anticipated from the consolidation of the Departments of Health and Substance Abuse in the Lucas Building.

The Legislative Action represents a 3% (\$27,535) decrease from the Governor's Recommendation and from FY 1986.

Risk Management Program
Sec. 705.6

	FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$	190,377	190,377	184,666

Funds are appropriated to fund the Risk Management Program for the State of Iowa. The Legislative Action represents a 3% (\$5,711) decrease from the Governor's Recommendation and from FY 1986.

Utilities
Sec. 705.4

	FY 1986 <u>Approp.</u>	Gov. Recomm.	Leg. Action
\$	1,860,572	1,860,572	1,804,755

Funds are appropriated for the payment of utility costs for the Capitol Complex. The Legislative Action represents a 3% (\$55,817) decrease from the Governor's Recommendation and from FY 1986.

Vehicle Dispatcher Revolving Fund
Sec. 706.5

	FY 1986 <u>Approp.</u>	FY 1987 <u>Gov. Recomm.</u>	FY 1987 <u>Leg. Action</u>
\$	451,940	434,540	434,540

Funds are appropriated from this Fund for salaries, support, maintenance and miscellaneous purposes. The Governor's Recommendation is equal to the FY 1986 appropriation less 3.85%.

Sec. 706.6

This Subsection states that the remainder of the Vehicle Dispatcher Revolving Fund is appropriated for the purchase of gasoline, oil, tires, repairs, and all other maintenance expenses incurred in the operation of state-owned motor vehicles and for contingencies arising during the fiscal year which are legally payable from this Fund.

GOVERNOR. OFFICE OF THE
Administrative Rules Coordinator

H.F. 2484
Sec. 701.5

	FY 1986 <u>Approp.</u>	Gov. Recomm.	Leg. Action
\$	60,187	60,187	58,053

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes of the Office of the Administrative Rules Coordinator. In the state government reorganization plan, this office has been combined with the Governor's Office. The Legislative Action represents a 3.5% (\$2,134) operations reduction from the Governor's Recommendation.

General Office
Sec. 701.1

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	675.712	675.712	643.650

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes of the General Office of the Governor. The legislative action represents a 4.7% reduction from the Governor's Recommendation.

Governor's Ad Hoc Committees
Sec. 701.4

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	17,134	17,134	15,706

Funds are appropriated for the payment of expenses of ad hoc committees, councils, and task forces appointed by the Governor. This appropriation includes the payment of per diem (maximum of \$40.00 per day) and actual expenses of committee, council or task force members. The Legislative Action represents an 8.3% (\$1,428) reduction from the Governor's Recommendation.

Governor's Expenses
Sec. 701.2

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	5,607	5,607	5,439

Funds are appropriated for the Governor's overfactory expenses connected with the office. The Legislative Action represents a 3% (\$168) reduction from the Governor's Recommendation.

Terrace Hill Governor's Quarters
Sec. 701.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	58,482	58,482	56,728

Funds are appropriated for salaries, support, and miscellaneous purposes of the Governor's quarters at Terrace Hill. The Legislative Action represents a 3% (\$1,754) reduction from the Governor's Recommendation.

HUMAN RIGHTS. DEPARTMENT OF
Blind, Division for the
H.F. 2484
Sec. 104

	<u>FY 1986</u> <u>Approp.</u>	<u>GoFY 1987</u> <u>Recomm.</u>	<u>Leg. Action</u>
\$	1,028,545	1,023,464	1,019,280

Funds the salaries, support, maintenance, and miscellaneous purposes of the Division for the Blind. Legislative Action represents a \$9,265 decrease from the FY 1986 funding. The per diem (\$980) for the Board has been restored and appropriated to the Department of Management.

Capital Expenditures
Sec. 164

This Section states that funds appropriated to the Division shall not be used for capital improvements.

Central Administration, Division of
Sec. 202.1

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	0	0	116.171
FTE	0.00	0.00	4.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Central Administrative Division. Comparing FY 1986 to FY 1987 Action, there is an increase due to the funding of an Administrative Division for the Department of Human Rights (\$116.171 and 4 FTE). This Division was not recommended by the Governor.

Children, Youth, and Families, Division of
Sec. 202.5

	<u>FY 1986</u> <u>Approp.</u>	<u>GoFY 1987</u> <u>Recomm.</u>	<u>Leg. Action</u>
\$	93,287	68,001	68,001
FTE	4.00	2.00	2.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Children, Youth, and Families Division. Comparing FY 1986 to FY 1987 Action, there is a decrease in state funding due to the establishment of the Department of Human Rights (\$25,286 and 2 FTE), as recommended by the Governor. Intent language states that this Division shall terminate June 30, 1988.

Deaf Services, Division of
Sec. 202.6

	<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	0	0	215,766
FTE	0.00	0.00	8.26

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Deaf Services Division. Comparing FV 1986 to FV 1987 Action, the increase in state funding is due to the transfer in from the Department of Public Health, Community Health Division (\$190,766 and 7.26 FTE) and the addition of an interpreter (\$25,000 and 1 FTE).

Persons With Disabilities, Division of
Sec. 202.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	121,890	96,531	96,531
FTE	4.00	3.00	3.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Persons With Disabilities Division. Comparing FV 1986 to FV 1987 Action, there is a decrease in state funding due to the establishment of the Department of Human Rights (\$25,359 and 1 FTE), as recommended by the Governor.

Spanish-speaking Peoples, Division of
Sec. 202.2

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	43,316	43,316	43,316
FTE	1.00	1.00	1.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Spanish-speaking Peoples Division.

Status Of Women, Division of
Sec. 202.4

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	93,937	68,222	93,937
FTE	3.00	2.00	2.80

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Status of Women Division. Comparing FV 1986 to FV 1987 Action, there is no change in state funding.

HUMAN SERVICES, DEPARTMENT OF
Additional Protective Service Workers
H.F. 2484
Sec. 302.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	95,189	95,189	95,000

Legislative Action represents a reduction of \$189 from the Governor's Recommendation and a similar reduction from FY 1986.

Administrative Rules Interim Study
Sec. 313

The Legislative Council shall create an interim study committee to review all Administrative Rules of the Department of Human Services and the Department of Public Health.

Aid to Families with Dependent Children
Sec. 303.1

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	60,777,857	58,494,494	59,000,000

From the FY 1986 appropriation, the Governor's Recommendation saves \$750,000 by eliminating IETP and \$1,533,363 which represents a surplus identified by the Department.

Legislative Action increases the Governor's Recommendation by \$750,000 for IETP and reduces \$244,494 due to rounding.

Aid To Indians
Sec. 303.6

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	35,219	35,220	35,000

Legislative Action represents a decrease of \$220 from the Governor's Recommendation and a small decrease from FY 1986.

Block Grant Supplementation
 Sac. 308

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 3,179,296	2,789,936	3,180,000

From the FY 1986 appropriation. the Governor's Recommendation deducts \$389,360 which represents a surplus identified by the Department.

Legislative Action represents an increase of 8390,064 over the Governor's Recommendation and a small increase over FY 1986. Of the funds appropriated, \$2,690,000 is allocated to purchase of local services and \$490,000 is allocated for day care services. The Department may develop and implement a pilot project establishing a prospective payment system for Purchase Of Service providers in no more than 2 departmental districts.

Sec. 309.3

The maximum rates for providers of social service and purchase of services providers will not change from the cap established in FY 1986. The percentage reductions are listed within this Section.

Brain Injured Registry
 Sec. 303.11

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 0	0	17,000

This represents a new program for the establishment and maintenance of a registry for people with brain injuries.

Registry Created
 Sec. 315

This Code change serves to define and set out the intent of reporting to the registry.

Capitals

Sec. 322

The funds appropriated in Division IV (Human Services) of this Act are not to be used for capital acquisitions or improvements.

Chi Id Support Recovery
 Sec. 303.4

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 971,885	951,885	950,000

Legislative Action represents a decrease of \$1,885 from the Governor's Recommendation and a similar decrease from FY 1986 if the amount (\$20,000) for the computer study is deducted from FY 1986. Additional FTE may be added if it can be shown that more than twice the amount of money required to pay for salaries and support of the new FTE is expected to be recovered.

Sec. 316

Chapter 2520. Code of Iowa, is amended by adding new sections that establishes a Collection Center and directs support payments entered on or after April 1, 1987 to this Collection Center. The present function of the clerks of the district courts relating to support payments shall be transferred to this Collection Center on or before April 1, 1988.

Sec. 317

Chapter 252.D1(2), Code Supplement 1985. is amended by striking the subsection.

Sec. 318

The Collection Center, created in Section 316 of this Act, is the designated state agency to administer wage withholdings in accordance with Title IV-D of the Social Security Act.

Sec. 319

This Section serves to replace Chapter 598.22. unnumbered paragraph 1, Code Supplement 1985, allowing for the new Collection Center.

Sec. 320

This Section makes technical corrections in Chapter 598.22. Code Supplement 1985.

Sec. 323

Section 317 of this Act is effective April 1, 1988.

Community-Based Services
 Sec. 303.9

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 2,603,404	2,667,048	2,883,000

From the FY 1986 appropriation, the Governor's Recommendation saves 3242,730 by eliminating the Juvenile Community-Based Grant Program and \$118,983 by eliminating the grants for Displaced Homemakers. The recommendation was increased by \$425,357 which represents a shortfall identified by the Department of \$371,663 in Protective Day Care and \$53,694 in State Cases.

Legislative Action represents a 3215,952 increase over the Governor's Recommendation and an 11% increase over FY 1986. Of this appropriation, \$120,000 is allocated for Displaced Homemakers, 3430,000 is allocated for Child Care Center Financial Assistance, 8314,000 is allocated for Child Abuse Prevention grants, \$215,000 is allocated for Domestic Abuse Prevention grants, 2100,000 is allocated for Community-Based Juvenile Services, \$545,000 is allocated for State Cases, \$1,100,000 is allocated for Protective Day Care, \$50,000 is allocated for services to Children at Risk of Running Away, and \$9,000 is allocated for Juvenile Detention.

County-Based
Sec. 303.10

FY 1986 Approp.	FY 1987 Gov. Recomm.	FV 1987 Leg. Action
2,284,524	2,100,000	2,100,000

From the FV 1986 appropriation, the Governor's Recommendation deducts \$184,524 which represents a surplus identified by the Department.

Legislative Action matches the Governor's Recommendation and is an 8% decrease compared to FY 1986. Of this appropriation, \$50,000 is allocated to the Judicial Department to prepare for reimbursing counties for witness, transportation, and attorney fees and to develop plans for each judicial district as to legal representation of children before the juvenile court.

Emergency Rule-making Procedures, Authorization
Sec. 314

The Department may use the emergency rule-making procedure for rules related to Subsidized Adoptions, County-Based, Block Grant Supplementation and reimbursement of providers as contained within Section 309 of this Act. The rules may be effective immediately upon filing.

Employee Damage Reimbursement
Sec. 311

The Department may reimburse an employee up to \$150 for each item that is damaged as it pertains to Chapter 217.23(2), Code of Iowa.

Field Operations
Sec. 302.1

FY 1986 Approp.	FY 1987 Gov. Recomm.	FV 1987 Leg. Action
\$ 21,417,413	19,783,413	21,055,632

From the FV 1986 appropriation, the Governor's Recommendation saves \$1,172,640 and 54.00 FTE by changing the program for local purchased services and \$115,000 and 8.00 FTE by eliminating Individual Educational Training Program (IETP). The recommendation also transfers out \$158,003 and 11.00 FTE to the Department of Personnel. This recommendation was further decreased by \$188,357 which represents a surplus identified by the Department.

Legislative Action represents the Governor's Recommendation then adds 5115,000 for IETP, \$1,172,640 for local purchase and \$5,947 due to rounding then reduces \$21,368 for gasoline price adjustment.

Foster Care
Sec. 303.8

FY 1986 Approp.	FV 1987 Gov. Recomm.	FV 1987 Leg. Action
\$ 24,035,696	26,965,797	24,200,000

From the FY 1986 appropriation, the Governor's Recommendation adds \$2,930,701 which represents a shortfall identified by the Department.

Legislative Action represents a \$2,700,000 decrease from the Governor's Recommendation due to estimated savings from increase federal funds and \$65,797 due to rounding. A portion of these funds may be transferred to Subsidized Adoptions if the allocated funds to that program are insufficient to provide for necessary services. There is allocated out of this appropriation 845,000 for the training of foster parents. The Department may spend up to \$560,000 of this appropriation or that made to Medical Assistance to contract for staff to enhance collecting federal funding. The Department may implement and shall appoint an oversight committee that includes interested and affected groups. The Director shall provide updates to the Legislative

Council and report recommendations to the General Assembly by February 1, 1987.

Gamblers Assistance
Sec. 310

The legislative intent mandates that funds received for Gamblers Assistance be used only for this program and authorizes no transfers of these funds.

General Administration
Sec. 301

FY 1986 Approp.	FV 1987 Gov. Recomm.	FV 1987 Leg. Action
3 7,481,816	5,413,819	5,752,032

From the FY 1986 appropriation, the Governor's Recommendation saves 350.398 by consolidating mail services, \$41.404 by changing the program for local purchased services, 325,765 by eliminating training staff. \$162,519 by cutting program evaluations and \$20,200 by eliminating per diem. The recommendation also transfers 3796,673 and 50.50 FTE to Inspections & Appeals. transfers 3185,162 and 7.00 FTE to Centralized Property Management while saving 4.00 FTE and 3118.822 by eliminating this function, and finally transfers 3667.054 and 29.00 FTE to the Department of Personnel.

Legislative Action represents the Governor's Recommendation then adds \$41.404 for local purchase, 325.765 for training staff, 3162.519 for program evaluation, 3118,000 from Field Operations excess then reduces 3968 for gasoline price adjustment and \$8,507 due to rounding.

Home Based Services
Sec. 303.7

FY 1986 Approp.	FV 1987 Gov. Recomm.	FV 1987 Leg. Action
\$ 5,092,585	5,119,196	5.2 19.000

From the FV 1986 appropriation. the Governor's Recommendation adds \$26,611 which represents a shortfall identified by the Department.

Legislative Action represents an increase of 399.804 from the Governor's Recommendation due to rounding. Of this appropriation. 3672,650 is allocated to Subsidized Adoptions. \$291.450 is allocated to Family Planning. and \$4,254,900 is allocated to Family Centered Services.

Juvenile Institutions
Sec. 304.1

FY 1986 Approp.	FV 1987 Gov. Recomm.	FV 1987 Leg. Action
3 7,691,232	7,576,957	7,574,308

From the FV 1986 appropriation, the Governor's Recommendation transfers out 8114,275 and 5.00 FTE to the Department of Personnel.

Legislative Action increases the Governor's Recommendation by \$3.043 due to rounding and reduces \$5,692 for gasoline price adjustment.

Medical Assistance
Sec. 303.2

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 130,827,331	124,169,188	128,000,000

From the FY 1986 original appropriation of \$114,797,331. \$16,030,000 was added by the supplemental appropriation bill (H.F. 2380) which reflects 315,000,000 to supplement program deficits in addition to \$600,000 from the Department deferring salary increases and 3430,000 transfer in from Gambler's Assistance program.

From the final FY 1986 appropriation, the Governor's Recommendation saves \$4,000,000 by recommending less in FY 1987 as in the supplemental appropriations bill for FY 1986 (\$11,000,000 versus \$15,000,000, respectively) and \$1,628,143 which represents a surplus identified by the Department. The Recommendation is 31,030,000 less, which reflects 3600.000 of deferred salary increases and \$430,000 from Gambler's Assistance. and was not addressed in the Recommendation.

Legislative Action reduces 3170.000 due to rounding and increases the Governor's Recommendation by \$4,000,812 which is to fund the Medically Needy-SSI expansion and to increase the cap on intermediate care facilities (ICF's) to the 55th percentile on July 1, 1986 while reinstating inflation and incentive. Of the funds appropriated, 3200,000 may be transferred to fully use available federal funds in the Women, Infant and Children (WIC) program administered by the Department of Public Health. \$120,000 may be used to continue the development and implementation of health maintenance organizations (HMO). The Department shall continue to make full use of veterans' benefits for Title XIX recipients in ICF's whose eligibility has not

been established. The Department shall continue to reduce utilization of surgical procedures with high coefficients of variation and may continue to seek a waiver for the University of Iowa Hospitals and Clinics. If the Department receives approval of home and community-based services pursuant to a waiver, the program shall be funded by this appropriation. The Department may seek grants to study and implement methods to improve access to medical care of Iowa's rural underinsured citizens and may spend \$150,000 to match funds received by such grants.

Sec. 309.1

Intermediate Care Facilities (ICF's) new cap will start on July 1, 1986 and will be at the 55th percentile of facilities. The elimination of 50% of inflation and 100% of incentive factors will be reinstated at that time. A continuation of the reductions placed on providers in FY 1986 will continue throughout the year with only a few exceptions. Skilled Nursing Facilities (SNF's) cap will be increased 4.3% on July 1, 1986. Rural Health Clinics cap will be increased at the time and by the amount that Medicare increases take effect. On July 1, 1986, professional fees for pharmacies shall continue to be reduced by 5.21% until a new reimbursement method is implemented at which time the fee shall be reduced by 3.85%. By October 1, 1986, the Department shall establish a new reimbursement method for drug products.

Medical Contracts

Sec. 303.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
8	1,875,212	2,287,696	2,290,000

From the FY 1986 appropriation, the Governor's Recommendation was increased by \$412,484 which represents a shortfall identified by the Department.

Legislative Action represents an increase due to rounding of 32,304 over the Governor's Recommendation. Of this appropriation, the Department may spend \$62,900 to contract for development and implementation of alternative reimbursement methods of Title XIX providers.

Mental Health and Retardation Fund

Sec. 307

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	3,331,598	3,331,598	3,333,000

The Legislative Action represents an increase of \$1,402 over the Governor's Recommendation and is a small increase over FY 1986.

Sec. 307.1

Counties shall indicate in their annual plan that moneys will be expended in accordance with Administrative Rules and that no moneys shall be used for major maintenance or capital expenditure projects.

Sec. 307.2

Counties shall submit annual rather than quarterly financial and plan status reports. These reports shall contain the services funded, the amount expended by service and by agency, a description of the use of the funds, and the number of persons or units of service provided.

Mental Health Institutions

Sec. 305.1

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	31,507,394	30,956,604	30,954,794

From the FY 1986 appropriation, the Governor's Recommendation saves \$340,000 and 9.00 FTE by eliminating the Residency Program at Independence Mental Health Institute and transfers out \$210,790 and 10.00 FTE to the Department of Personnel.

Legislative Action increases the Governor's Recommendation by \$3,396 due to rounding and reduces \$5,206 for gasoline price adjustment.

Sec. 305.2

All client participation receipts shall be deposited into the general fund.

Sec. 305.3

The cost of the Psychiatric Residency and Chaplin Intern programs at Cherokee and Independence Mental Health Institutes shall not be included in computing the institutions respective daily charges to patients.

Sec. 305.4

A Mental Health Institution shall not accept a child alleged to be a Child In Need of Assistance (CINA) for more than 30 days except under defined instances.

Sec. 305.5

The Department shall take all reasonable actions to expand the recruitment and retention of psychiatrists.

Sliding-Fee Payment Schedules for Children's Services

Sec. 312

The Department shall study and may implement, by Administrative Rules, sliding-fee payment schedules to children and their families. A report of findings will be made available in January to the General Assembly.

State Hospital Schools

Sec. 306.1

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 47,594,250	46,998,758	46,969,633

From the FY 1986 appropriation, the Governor's Recommendation transfers out \$595.492 and 28.00 FTE to the Department of Personnel.

Legislative Action increases the Governor's Recommendation by \$1.242 due to rounding and reduces 830.367 for gasoline price adjustment.

Sec. 306.2

The Department shall deposit all client participation receipts into the general fund.

Sec. 306.3

Except as provided in Section 306.4 of this Act, per-patient-per-day computations pursuant to Chapter 222.73. Code of Iowa, shall be billed at 80%.

Sec. 306.4

If over 20% of the cost of a patient's care is initially paid from any source, other than state appropriated funds, this amount shall be subtracted from the per-patient-per-day computed cost and the patient's county of legal settlement shall be billed the full balance.

Sec. 306.5

In the per diem calculation, charges assessed to counties shall be reduced by all the client participation proceeds for Medical Assistance patients.

State Supplemental Assistance

Sec. 303.5

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 9,376,066	9,504,662	9,500,000

From the FY 1986 appropriation, the Governor's Recommendation adds \$128,596 which represents a shortfall identified by the Department.

Legislative Action represents a decrease due to rounding of 34.662 from the Governor's Recommendation and an increase of 1.3% over FY 1986.

Sec. 309.2

The reductions placed on providers in FY 1986 will continue in FY 1987.

Veterans Home

Sec. 304.2

<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 18,399,940	18,221,703	18,358,486

From the FV 1986 appropriation, the Governor's Recommendation transfers out \$178.237 and 8.00 FTE to the Department of Personnel.

Legislative Action increases the Governor's Recommendation by \$144.000 to open 20 beds on February 15, 1987 and 17 more beds on April 15, 1987 for the care of residents with Alzheimer's disease then 31,703 was reduced due to rounding and \$5.514 was reduced for gasoline price adjustment.

Volunteers

Sec. 302.2

<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 68,536	68,536	68.000

Legislative Action represents a decrease of \$536 from the Governor's Recommendation and a similar reduction from FY 1986.

INSPECTIONS AND APPEALS, DEPARTMENT OF
Demonstration Waiver Project

Intent
H.F. 2484
Sec. 206

This Section initiates a Demonstration Waiver Project by the Department of Inspections and Appeals to encourage the development of Residential Care Facilities for mentally retarded, chronically mentally ill, and other persons with developmental disabilities in facilities for 5 or fewer residents. This pilot project shall be exempt from Chapter 135.63. Code of Iowa, through June 30, 1988.

Appropriation
Sec. 207

This Section appropriates \$110,000 and 3 FTE to the Department of Inspections and Appeals for both FY 1987 and FY 1988 for staff support for the Demonstration Waiver Project.

foster Care Review Board
Sec. 602.4

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 129,518	129,518	129,000

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a .4% decrease from the Governor's Recommendation.

General Office
Sec. 602.3

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 0	3,197,287	2,614,790

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 18.2% reduction from the Governor's Recommendation. The Department of Inspections and Appeals is created from the following transfers:

Department of Agriculture	\$ 662,544
Beer & Liquor Control	287,063
Department of Corrections	137,549
Health Department	957,413
Human Services	796,673
Medical Examiners	210,868
Nursing Examiners	75,480
Pharmacy Examiners	207,639
OSHA Review Commission	16,432

Department of Public Safety	13,000
Real Estate Commission	119,722
Department of Transportation	249,504
Savings related to Department of Inspections and Appeals	-537,400
	<u>83,197,207</u>

The difference between the Governor's Recommendation and the Legislative Action is as follows: (Based on State Reorganization)

* Transfer out Medical, Nursing, and Pharmacy Boards to Department of Public Health.	\$ -493,987
* Transfer in Health Facilities from the Department of Public Health.	43,000
* Transfer out Correctional aspects to Department of Corrections.	-75,223
* General Administrative reduction to the operations of the Department of Inspections and Appeals.	-56,287
	<u>\$ -582,497</u>

The bill also allows the Department to charge other departments for services rendered and keep the receipts for operational purposes.

Iowa Comprehensive Health Association

Amend H.F. 2181

Sec. 624

Amends Section 13, H.F. 2181 by changing the effective date of health coverage from January 1, 1987 to July 1, 1987. This Act also changes the date when insurance carriers must provide notice, from July 1, 1986 to January 1, 1987.

Sec. 625

Repeals the \$25,000 appropriation to the Iowa Comprehensive Health Association contained in H.F. 2181.

Occupational Safety and Health Review Commission

Sec. 602.5

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 47,123	26,191	24,523

For salaries, support, maintenance and miscellaneous purposes. The Legislative Action represents a 6.4% decrease from the Governor's Recommendation. Both the Governor's Recommendation and Legislative Action reflect a reduction of \$16,432 and 1.0 FTE associated with staff

consolidation under the Department of Inspections and Appeals.

Road Use Tax Fund Appropriation

Sec. 605

Legislative Action appropriates \$326,000 from the Road Use Tax Fund to the Department of Transportation (D.O.T.) for reimbursement to the Department of Inspections and Appeals for services provided to D.O.T.

INTERSTATE AGRICULTURAL GRAIN MARKETING COMMISSION

H.F. 2484

Sec. 508

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	0	50,000

This appropriation is for Iowa's initial contribution to the Interstate Agricultural Grain Marketing Commission for expenses incurred by the Commission. The appropriation is for FV 1987 and FV 1988.

IOWA ACADEMY OF SCIENCE

General Office

H.F. 2484

Sec. 109

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 57,494	0	57,494

Legislative Action restores the Academy of Science to the FV 1986 funding level. The Academy is required to submit a summary of projects funded with their potential impact upon the state.

JUDICIAL DEPARTMENT

Courts and Administration

H.F. 2484

Sec. 406

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 31,500,000	51,545,266	51,445,266

The Governor's Recommendation is based on the State Comptroller's estimate of FY 1986 spending plus funding for the next phase of court reorganization.

Delay Notification: Language is included notifying counties that the state may delay the schedule of state assumption of responsibility for FY 1988. If

the state is unable to fully assume the FY 1988 component of the court system, the chairpersons of the House and Senate committees on appropriations shall notify the Supreme Court and the counties of this possible delay by no later than February 15, 1987. Chapter 253.2, Acts of 1985, is amended to include collective bargaining agreements for Judicial Department employees.

JUSTICE DEPARTMENT OF

Dispute Resolution Grants

H.F. 2484

Sec. 405.6

<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 49,500	0	50,000

The Legislative Action reflects funding of this program under the Prosecuting Attorney Training Program at the current level.

Farm Mediation Services

Sec. 414

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 0	0	100,000

This appropriation funds the administrative costs of the Farm Mediation Service administered by the Farm Crisis Program Coordinator in the Department of Justice.

General Office

Sec. 405.1

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 3,001,847	3,001,847	3,001,847

The Governor's Recommendation is based upon the revised amount available in FV 1986.

CONTINGENT APPROPRIATION: Language is included which appropriates contingent upon the general fund receiving from a damage award an amount equal to that spent, \$95,000 to be used for the enforcement of the Iowa Competition Law under Chapter 553, Code of Iowa. Also appropriates contingent upon the general fund receiving from a damage award an amount equal to that spent, \$50,000 to be used for public education and enforcement relating to consumer fraud.

Legal Assistance to Farmers
Sec. 413

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 0	0	250.000

This appropriation funds the Legal Assistance to Farmers Program administered by the Farm Crisis Program Coordinator in the Department of Justice.

Prosecuting Attorney Training
Sec. 405.4

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 04,919	84.919	78.742

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an adjustment for lower gas prices.

Prosecuting Intern Program
Sec. 405.5

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 49,498	49,498	48,308

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an adjustment for lower gas prices.

LAW ENFORCEMENT ACADEMY
General Office
H.F. 2484
Sec. 411

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 731,824	614,153	672,242

The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 4 FTE to be saved by consolidating the Iowa Law Enforcement Academy under the Department of Public Safety (\$114,446), minus .25 FTE to be saved by eliminating per diem for the board (\$3,225).

The Legislative Action allows not more than 50% of the cost of providing cognitive and psychological examinations of law enforcement candidates to be

charged to the officer candidates taking the examination, and allows the Academy to charge officers not more than 50% of the cost of providing the 10-week basic training course. Officer candidates and officers involved with state agencies are exempted from these charges.

The Governor's Recommendation was increased by 50% the estimated cost of providing the cognitive and psychological tests (\$65,000), decreased by 40% of the cost of the basic training program (\$121,357), and increased to reflect the decision to keep the Academy a separate entity (\$114,446). The per diem amount deleted in the Governor's Recommendation (\$3,225) has been restored and appropriated to the Department of Management.

Jailer Training
Sec. 412

<u>FY 1986</u> <u>Approp.</u>	<u>Gov. 1987</u> <u>Recomm.</u>	<u>Leg. 1987</u> <u>Action</u>
\$ 0	29,289	23,586

The Governor's Recommendation continues the program at the revised FY 1986 level. The Legislative Action reflects a reduction for lower gasoline prices.

LIEUTENANT GOVERNOR. OFFICE OF THE
General Office
H.F. 2484
Sec. 702

<u>FY 1986</u> <u>Approp.</u>	<u>Gov. 1987</u> <u>Recomm.</u>	<u>Leg. 1987</u> <u>Action</u>
\$ 110.095	110.095	102,339

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes for the Office of the Lieutenant Governor. The Legislative Action represents a 7% (\$7,756) operations reduction from the Governor's Recommendation and from FY 1986.

MANAGEMENT. DEPARTMENT OF
Cancellation of State Warrants
H.F. 2484
Sec. 704

This Section amends Chapter 8.20, Code of Iowa, changing the amount of time that a state warrant may be outstanding and unredeemed. The time period is reduced from 1 year to 6 months. This Code change was the Governor's Recommendation. The reference to the State Comptroller has been changed

to the director of the Department of Revenue and Finance.

Comparable Worth Pay Adjustments
Sec. 714

This Section amends Chapter 258.9. Acts of 1985, which appropriated \$19,000,000 for FY 1986 salary adjustments resulting from comparable worth legislation. The dollar amount is amended by this Section reducing by the 1% reduction made by the legislature last year and by the Governor's 3.85% across-the-board cut.

Sec. 715

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 18,085,815	18,085,815	16,617,940

Funds are appropriated to the salary adjustment fund to provide salary adjustments resulting from implementing actions taken under Chapter 1314, Acts of 1984. The Legislative Action represents the following reductions from the Governor's Recommendation of \$18,085,815:

Beer & Liquor (sale of stores)	8 1,362,868
Banking (revolving fund)	8,429
Insurance (revolving fund)	37,464
Credit Union (revolving fund)	9,114
Consumer Advocate (revolving fund)	9,000
Commerce Commission (revolving fund)	41,000
TOTAL COMPARABLE WORTH APPROP	<u>\$16,617,940</u>

In future years, the comparable worth salary adjustments are to be built into the department budgets.

Council of State Governments
Sec. 708.2

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 44,806	44,806	44,806

Funds are appropriated for Iowa's membership dues for support of the Council. The Legislative Action and the Governor's Recommendation are the same.

County Government Assistance Fund
Sec. 710

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 5,092,585	5,295,236	3,195,236

Funds are appropriated to the County Government Assistance fund to be distributed to the counties on a per capita basis and to be used insofar as practicable, for projects and programs developed and maintained for citizens in unincorporated areas of the county.

The Legislative Action represents a \$2,100,000 reduction from the Governor's Recommendation. However language has been added authorizing the return of the balance of the "County Indemnification Fund" to the counties in the same proportion as they contributed. (See Section 711 of this Act.)

County Indemnification Fund

Sec. 711

This Section states that the Treasurer of State shall apportion and remit all moneys in the county indemnification fund to the county treasurers of the respective counties on or before July 15, 1986. The balance of the fund, including interest, shall be allocated to each county in the same proportion that the county contributed to the fund. The balance of this Fund is approximately \$2,100,000.

Sec. 775

This Section repeals Chapter 331.404. Code of Iowa, which deals with the County Indemnification Fund. (See Section 711 of this Act.)

Fiscal Year Cutoff Date for Expenditures

Sec. 770

This Section amends Chapter 8. Code of Iowa, stating that goods and services must be received by June 30 in order to be charged to that fiscal year's appropriation. Current law states that goods and services must be received on or before September 15 in order to be charged to the previous year's appropriation.

Effective Date

Sec. 777

This Section states that Section 770 of this Act is retroactive to March 30, 1986.

General Office
Sec. 708.1a

	FV 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$	1,887,989	1,397,460	1,344,812

As a result of the state government reorganization, the Department of Management assumes many of the responsibilities of the State Comptroller's Office. The Financial Management Division is transferred to the Department of Revenue and Finance (\$593,315 and 29.00 FTE) and the Office of Employment Relations and other personnel functions (\$245,773 and 8.00 FTE) are transferred to the Department of Personnel.

The Criminal and Juvenile Justice Planning Agency becomes a part of the new Department of Management. This includes the appropriations for the Juvenile Justice Planning Division (FY 1986 = \$52,581), the Criminal Justice Planning Division (FY 1986 = \$217,472), and the Juvenile Victim Restitution Program (see below). The Governor recommended eliminating the per diem for Criminal and Juvenile Justice Planning Council members at a projected savings of \$2.572.

The following functions are transferred from the Office of Planning and Programming (OPP) to the Department of Management: the Advisory Commission on Intergovernmental Relations, the coordination of policy planning, demographic information, economic reports, analysis services and planning and program development. The Department of Management will also assume the responsibilities of the Statistical analysis Center. A total of 8351,131 and 11.25 FTE are transferred to the Department of Management from OPP and the Governor projects savings of \$151,775 and 6.80 FTE from this reorganization.

In the Governor's reorganization plan, the County and City Finance Committees were replaced by an ad hoc committee and the Governor estimated savings of \$2,485 for the elimination of per diem for committee members. S.F. 2175 retained the County and City Finance Committees. The legislature restored the per diem and appropriated it to the Department of Management (see Section 708.3).

The legislature also restored per diems for the Criminal and Juvenile Justice Planning Council and appropriated the dollars (\$2,572) to the Department of Management.

The Legislative Action represents a 3.8% (\$52,648) reduction from the Governor's Recommendation.

Indian Settlement Officer
Sec. 712

	FY 1986 Approp.	FV 1987 Gov. Recomm.	FV 1987 Leg. Action
\$	3,365	3,365	3,365

This Section amends Chapter 331.660, Code of Iowa, which makes a standing limited appropriation to Tama County for the partial salary and expenses of an additional deputy sheriff for the county whose principal duty is to provide law enforcement on the Sac and Fox Indian Settlement. The Section reduces the standing appropriation to \$3,365 from \$3,500.

Juvenile Restitution Program
Sec. 708.1b

	FV 1986 Approp.	FY 1987 Gov. Recomm.	FV 1987 Leg. Action
\$	115,178	115,178	115,178

Funds are appropriated for the Juvenile Victim Restitution Program, formerly a part of the Criminal Juvenile Justice Planning Agency. The Legislative Action and the Governor's Recommendation are the same.

Media Services Cost Per Pupil
Sec. 144

The Department shall increase the area media services cost per pupil by \$1.01 for the purchase or replacement of material required in Section 273.6(1a-c) of this Act.

Effective Date

Sec. 778

This Section states that Section 144 of this Act takes effect retroactive to April 30, 1986.

Mileage Reimbursement
Sec. 772

This Section amends Chapter 18.117, Code of Iowa, reducing the mileage reimbursement to state officers and employees to 21 cents per mile from 24 cents per mile. The governor's projected savings of Sections 772 and 773 is \$321,000.

Sec. 773

This Section amends Chapter 79.9, Code of Iowa, reducing the mileage reimbursement to public officer and employees other than state employees to 21 cents per mile from 24 cents per mile. (See Section 772 of this Act)

Municipal Assistance Fund
Sec. 709

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 13,945,115	14,502,280	14,502,280

Funds are appropriated to the Municipal Assistance Fund to be distributed to cities on a per capita basis and to be used for any lawful purpose. The Legislative Action and the Governor's Recommendation are the same.

Payment of Per Diems
Sec. 708.3

Funds are appropriated to the Department of Management for the payment of per diems. The Governor's state government reorganization plan eliminated per diems for all board and commission members. S.F. 2175 restored per diems and the legislature appropriated one lump sum (\$299,915) to the Department of Management.

Salary Adjustment Fund
Sec. 713

This Section amends Chapter 254.1(1b), Acts of 1985, which appropriated \$48,004,900 to the salary adjustment fund to be used to fund the annual pay adjustments for contractual and non-contractual state employees. The revised estimate for this appropriation for FY 1987 was \$49,898,500 and the Governor recommended that this amount be adjusted downward to \$45,877,500 reflecting the following savings:

Eliminate 100 general fund vacant but funded positions.	\$2,100,000
Savings from the early retirement (Gov. estimates 100 positions).	1,600,000
Savings from reducing the mileage reimbursement from 24 cents to 21 cents.	321,000

The appropriations subcommittee's intention was to reduce this appropriation to zero pending receipt of the "vacant but funded position list" which the Governor's Office and the Comptroller's Office has refused to release to the Legislature or the Legislative fiscal Bureau.

The legislative action is the Governor's revised recommendation of \$45,877,500 less:

Beer & Liquor (sale of stores)	\$ 216,087
Banking (revolving fund)	
Insurance (revolving fund)	195,537
Credit Union (revolving fund)	39,617
DOT (road use tax fund)	379,088
Consumer Advocate (revolving fund)	26,000
Commerce Commission (revolving fund)	164,400
ADO: Insurance (revolving fund)	91,000
TOTAL SALARY ADJUSTMENT	844,000,000

NATIONAL CONFERENCE OF STATE LEGISLATURES
H.F. 2484
Sec. 707.1

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 51,002	51,002	51,002

Funds are appropriated for support of the membership assessment. The Legislative Action and the Governor's Recommendation are the same.

NATURAL RESOURCES, DEPARTMENT OF
AIDEX Fund Carry Forward
H.F. 2484

Sec. 505.5

Funds appropriated for the state's contribution to the AIDEX Superfund for FY 1985 and for FY 1986 which are unexpended or unencumbered shall carry forward into FY 1987.

Exemption of Grain Storage Facilities
Sec. 505.6

The Department of Natural Resources shall not require the installation or use of equipment to control the emission of dust or other particulates on grain storage facilities located within the ambient air quality attainment areas for suspended particulates

Federal Reimbursement
Sec. 505.4

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 245,182	245,183	185,558

This appropriation is for the reimbursement of federal agencies for cooperative contracts. The FY 1987 Legislative Action reflects a 24% reduction in state funding.

Fish and Wildlife
Sec. 505.1

	<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	13,211,122	13,106,897	13,106,897

All the funds for this Division are from trust funds. This Subsection authorizes a transfer from the Fish and Game Protection Fund for salaries, support, maintenance, equipment, and miscellaneous purposes. Of the amount transferred, not more than \$1,986,352 may be used for administration and coordination of fish and wildlife activities.

This Subsection authorizes the transfer of \$67,000 from the Snowmobile Trust Fund for enforcement of snowmobile laws. Also authorized is the transfer of \$906,610 of boat registration fees for administration and enforcement of navigation laws and water safety.

Funds remaining in the Fish and Game Protection Fund during FY 1987 which are not specifically appropriated by this Act may be used for capital projects and contingencies that arise during the fiscal year. A contingency may not include any purpose or project which was presented to the General Assembly in the form of a bill and which failed to be enacted into law.

Green Thumb Program
Sec. 505.2

	<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	138,730	138,730	138,730

This appropriation provides for the employment of persons under the Green Thumb Program. The FV 1987 Legislative Action restores the FY 1986 level of funding.

Marine Fuel Tax Fund
Sec. 506

This Section appropriates \$374,100 from the Marine Fuel Tax Fund for maintenance and development of boating facilities and access to public waters. An additional \$100,000 is appropriated from the Marine Fuel Tax Fund to the Fish and Game Protection Fund for the administration and enforcement of navigation laws and boat safety. The unencumbered or unobligated balances of funds specifically allocated for purposes provided in Section

324.79(1-3,5), Code of Iowa, for FV 1987 shall revert to the fund from which appropriated June 30, 1989.

Operations
Sec. 505

	<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	9,607,647	9,337,376	9,122,655

This Subsection appropriates funds for salaries, support, maintenance, equipment, and miscellaneous purposes of the Department of Natural Resources. This appropriation funds operations currently carried out by the Iowa Conservation Commission administration, Iowa Conservation Commission Lands and Waters Division, Department of Water, Air and Waste Management, and Iowa Geological Survey.

The FY 1986 general fund appropriation for Conservation Commission administration was \$1,467,022. The Governor's Recommendation of \$1,398,130 reflects savings due to consolidating policy and information services (\$33,300, 4.0 FTE), a transfer to the Department of Personnel (\$32,291, 3.0 FTE), and the elimination of the State Conservation Commissioners' per diem (\$3,300). The FY 1986 appropriation for the Lands and Waters Division of the Conservation Commission was \$4,456,219. The Governor's Recommendation of \$4,401,655 reflects a savings from consolidating policy and information services (\$54,565, 1.0 FTE). The FY 1986 appropriation for the Department of Water, Air and Waste Management operations was \$2,525,331. The Governor's Recommendation of \$2,378,816 reflects savings from consolidating policy and information services (\$105,359, 6.5 FTE), a transfer to the Department of Personnel (\$30,255, 3.0 FTE), the elimination of the Certification Board of Wastewater Operators (\$4,400, .4 FTE), and the elimination of commissioners' per diem (\$6,800, 1.3 FTE). The FY 1986 appropriation for Geological Survey operations was \$1,159,075. The Governor's Recommendation was the same.

The FV 1987 Legislative Action reflects the Governor's Recommendations for Conservation Commission administration, Lands and Waters Division, Department of Water, Air and Waste Management operations, and Geological Survey operations, with the following adjustments: a 0.2% reduction in Conservation Commission administration (\$3,300); a 7.8% reduction in Department of Water, Air and Waste Management operations (\$185,316); and a 2.2% reduction in Geological Survey operations

(\$26,105). The per diem of the commissioners of the new Natural Resource Commission and the Environmental Protection Commission will be paid from a separate fund administered by the Department of Management.

The Natural Resource Commission shall give priority to the acquisition of private property along the Cedar Valley Nature Trail, the Heritage Trail, the Comet Trail and the Des Moines to Arispe Trail. The Department of Transportation shall provide technical assistance in acquisition proceedings. No state funds will be used unless appropriated by the General Assembly.

Sewage Construction Grants
Sec. 505.7

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 1,865,695	1,865,695	1,865,695

This appropriation provides state grants to communities to assist in the construction of wastewater treatment plant facilities. Not more than 810,000 of the funds appropriated by this Subsection may be used to reimburse local governments for up to 50% of expenses incurred since January 1, 1985 for alternative solid waste disposal projects.

The Department is authorized to use not more than \$493,000 of the unexpended funds from the sewage construction grants account for the state share of the AIDEX superfund clean-up. Any funds remaining in the AIDEX superfund account once the final site cleanup work, excluding the ongoing monitoring of the site, has been completed shall revert to the general fund. The moneys used for the state's share of the AIDEX cleanup shall be repaid not later than June 30, 1989 and shall not be used for any other purpose in future years. The Department of Natural Resources shall report to the General Assembly by January 1, 1987 on methods to increase funds for the state superfund.

Unencumbered or unobligated funds remaining on June 30, 1990 from funds appropriated for FY 1987 revert to the general fund on September 30, 1990.

Watershed Priority List
Sec. 505.3

This Subsection states that the Natural Resource Commission shall establish a priority list of watersheds above publicly-owned lakes to be used

for the allocation of fund set aside in Section 504.3 of this Act for permanent soil conservation practices.

PAROLE, BOARD OF
General Office
H.F. 2484
Sec. 404

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$ 439,584	412,084	461,759

The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 2 FTE to be saved by consolidating administrative support for the Parole Board with the Department of Corrections. The Legislative Action reflects additional funding for 4 FTE for the new Parole Board structure (3 full-time and 2 part-time).

PERSONNEL. DEPARTMENT OF
Conservation Officers IPERS Contribution
H.F. 2484
Sec. 722

This Section amends Chapter 978.49(7), Code Supplement 1985, transferring the funding for IPERS contribution for Conservation officers from the general fund to the Fish and Wildlife Fund. This change has no effect on pensions and the Governor's estimated general fund savings is \$244,990.

Corrections - Agency Retention Personnel
Sec. 716.2

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	229,079	222,206

Funds are appropriated to the Department and are to be transferred to the Department of Corrections for salaries, support, maintenance, and miscellaneous purposes of the core personnel staff. The Legislative Action represents a 3% (\$6,873) reduction from the Governor's Recommendation.

Eliminate IPERS Prior Service Standing Appropriation
Sec. 723

This Section amends Chapter 970.56, Code of Iowa, eliminating the general fund standing appropriation for IPERS Prior Service funding. (See Section 721 of this Act.)

F.O.A.8. and I.O.A.S.I
Sec. 716.5

	FY 1986	FY 1987	FY 1987
	Approp.	Gov. Recomm.	Leg. Action
\$	153,489	153,489	145,785

Funds are appropriated to the Department for salaries, support, maintenance, and other operational purposes for the administration of Chapters 97, 97C and 294.15, Code of Iowa. These Chapters deal with the Old Age and Survivor's Insurance System, the Federal Social Security Enabling Act, and the State Teacher's Pension. The administration of these Chapters was formerly the responsibility of the IPERS Division of the Department of Job Service. The Legislative Action represents a 5.0% (\$7,704) operations reduction from the Governor's Recommendation and from FY 1986.

General Office
Sec. 716.1

	FY 1986	FY 1987	FY 1987
	Approp.	Gov. Recomm.	Leg. Action
\$	1,498,409	3,071,539	2,928,227

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes of the General Office of the Department. The Governor's Recommendation reflects the elimination of per diem for commission members and at an estimated savings of \$3,640. The Subcommittee Action represented a 3% (\$93,558) reduction from the Governor's Recommendation. The legislature reduced the appropriation an additional \$49,754.

As a result of reorganization, many state agencies are transferring their personnel functions to the new Department of Personnel. While all budgets show this as a "transfer" of dollars and FTE, in actuality, it is not. Currently, the Merit Employment Department has 42 FTE and a budget of \$1,498,000. The new Department of Personnel will have approximately 100 FTE and a budget of \$2,977,981. If personnel scheduled to be eliminated ("transferred") qualify for positions in the new Department of Personnel, they will be "transferred" to those positions.

Four departments, other than the Department of Personnel will be allowed to retain personnel officers and functions. These departments are:

Corrections, Human Services, Transportation, and Job Service, which is now part of Employment Services. (See Sections 716.2-4 of this Act).

The personnel offices will be smaller than they are currently and these employees will be employees of the "host" department yet perform the functions designated by the Department of Personnel. Funds are appropriated to the Department with the provision that the funds are transferred to the "host" agency. Funds are appropriated in this manner as a Governor's Recommendation in an effort to control department spending for personnel functions.

The following agencies are transferring personnel functions to the new Department of Personnel.

Agriculture: Adm.	\$ 42,634	2.00 FTE
Beer & Liquor	364,646	5.30 FTE
Civil Rights Commission	27,245	1.00 FTE
Commerce Commission	101,569	4.00 FTE
Comptroller: Gen Office	245,773	8.00 FTE
Comptroller: CDP	42,259	2.00 FTE
Conservation Commission	32,291	3.00 FTE
Corrections Instit	511,837	22.40 FTE
Corrections: Cent. Adm.	153,292	6.00 FTE
Development Commission	37,014	1.00 FTE
General Services	102,827	4.40 FTE
DHS: General Adm.	667,054	29.00 FTE
DHS: Community Services	158,003	11.00 FTE
OHS: Toledo	16,326	1.00 FTE
DHS: Eldora	97,947	4.00 FTE
DHS: Veteran's Home	178,234	7.00 FTE
DHS: Cherokee	85,894	5.00 FTE
DHS: Clarinda	60,056	3.00 FTE
OHS: Independence	64,840	3.00 FTE
DHS: Glenwood	279,867	13.00 FTE
OHS: Woodward	315,625	15.00 FTE
OPP: General Oper.	15,613	2.00 FTE
IPBN	32,851	1.00 FTE
Public Instr.: Gen. Off.	69,963	2.00 FTE
Public Instr.: Voc Rehb.	8,413	1.00 FTE
Public Safety: Admin.	205,657	7.10 FTE
Public Safety: OCl	47,898	1.00 FTE
Public Safety: Patrol	40,436	1.00 FTE
Revenue	141,284	5.00 FTE
Soil Conservation	33,253	1.00 FTE
Transportation	24,535	26.00 FTE
Water, Air & Waste Mgt.	30,255	3.00 FTE
Job Service Revol. Fund*		9.00 FTE
Lottery Operations*		2.00 FTE
Civil Rights*		1.00 FTE
Health: Central Admin*		3.00 FTE
Total	<u>\$4,258,700</u>	<u>215.20</u>

*Non general fund

S.F. 2175 retained the Personnel Commission and the legislature has restored the per diems and appropriated the dollars (\$3,640) to the Department of Management.

Human Services - Agency Retention Personnel
Sec. 716.3

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 0	812,076	787,714

Funds are appropriated to the Department and are to be transferred to the Department of Human Services for salaries, support, maintenance, and miscellaneous purposes of the core personnel staff. The Legislative Action represents a 3% (\$24,362) reduction from the Governor's Recommendation.

IPERS Administration
Sec. 718

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 1,731,342	1,773,465	1,773,465

Funds are appropriated from the IPERS Fund to the Department of Personnel for salaries, support, maintenance, and other operational purposes to pay the costs of administration of the Iowa Public Employees' Retirement System (IPERS).

IPERS Prior Service
Sec. 721

This Section amends Chapter 97B.49(3), Code Supplement 1985, eliminating the general fund standing appropriation for IPERS Prior Service funding. This has no effect on pensions; the IPERS system can actuarially absorb this cost. The governor's estimated general fund savings is \$480,750.

Preference to Terminated Employees
Sec. 774

This is intent language referring to state government reorganization stating that if after exhausting the requirements of collective bargaining agreements, a vacancy still exists in any other state department or agency, the other state department or agency shall give preference to qualified persons previously employed by the executive branch of state government who jobs are terminated as a result of reorganization.

Public Employment Relations Board
Sec. 717

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 536,863	536,863	497,687

funds are appropriated for salaries, support, maintenance, and other operational purposes of the Public Employment Relations Board. The Legislative Action represents a 7.3% (\$39,176) reduction from the Governor's Recommendation and from FY 1986.

This Section also contains some intent language added by the legislature that states that a person who desires to be reimbursed for legitimate costs incurred while performing service to the state must submit a receipt documenting such cost prior to receiving remuneration from the state.

Transportation - Agency Retention Personnel
Sec. 716.4

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 0	12,447	12,074

Funds are appropriated to the Department and are to be transferred to the Department of Transportation for salaries, support, maintenance, and miscellaneous purposes of the core personnel staff. The Legislative Action represents a 3% (\$373) reduction from the Governor's Recommendation.

PIONEER LAWMAKERS
H.F. 2484
Sec. 707.3

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 0	0	707

Funds are appropriated for the expense of the biennial Pioneer Lawmakers meeting. There was no appropriation to the Pioneer Lawmakers in FY 1986 and the Governor did not recommend an appropriation for FY 1987.

PUBLIC DEFENSE. DEPARTMENT OF
Disaster Services Division
911 Study
H.F. 2484
Set. 763-68

These Sections require all public agencies, public safety agencies, and private safety entities to

participate in providing 911 service when such service is established within their service territories.

Section 763 is a definitional Section. Section 764 describes the criteria for the 911 service. Section 765 creates a State Emergency Telephone Number Commission in the Division of Disaster Services of the Department of Public Defense and Section 766 states that meetings shall be held at least monthly. The Commission is required (Section 767) to make a written report and recommendations to the General Assembly by January 10, 1987 on the implementation of statewide 911 service. The Commission is abolished 6 years after the effective date of this Act (Section 768).

Sec. 769

This Section appropriates \$5,000 from the general fund to the Disaster Services Division of the Department of Public Defense for the purpose of preparing and submitting a written report and recommendations to the General Assembly for an overall plan to implement 911 service.

General Office

Sec. 762.1

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	3,296,594	3,244,921	3,191,828

Funds are appropriated for the salaries, support, maintenance, and miscellaneous purposes. As a result of state government reorganization, the Military Division, the Division of Disaster Services, and the Department of Veteran's Affairs have been combined into a Department of Public Defense. The Governor estimated savings of this reorganization to be \$51,672 and 1.00 FTE including the elimination of \$400 per diem expense. The legislature restored per diems and appropriated the dollars to the Department of Management. The Legislative Action represents a 1.6% operations reduction from the Governor's Recommendation.

The intent language in this Subsection specifies that the per capita annual allowance to units will be \$5.00 per capita to be paid on a semiannual basis in installments of \$2.50 per capita beginning July 1, 1986. The allowance shall be used for morale purposes and for the welfare of the troops. Without this intent language, the allowance would be \$10.00 per capita per Chapter 29A.33, Code of Iowa.

Military Division

Sec. 771

This Section amends Chapter 29A, Code of Iowa stating that the governor shall provide for the participation of the national guard, or any part of it. in training at such times and places necessary to insure readiness for public defense or federal service. Previously, the governor was required to send the troops at times and places designated by the Secretary of Defense.

War Orphans Educational Aid Fund

Sec. 762.2

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	14,278	14,278	14,278

Funds are appropriated for the War Orphans Educational Aid Fund. An amount not to exceed \$400 per year may be paid to any child of a person who died during World War I, World War II, the Korean Conflict, or the Vietnam War. The child must be a resident of Iowa.

PUBLIC HEALTH, DEPARTMENT OF
Administration, Division of

H.F. 2484

Sec. 204.1

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	895.251	731,771	731,771
FTE	64.30	53.30	53.30

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Administration Division. Comparing FY 1986 to FV 1987 Action, there is a decrease in state funding due to accepting the Governor's Recommendation for consolidating the Departments of Health and Substance Abuse (\$26,799 and 1 FTE), transfer out to the Department of Inspections and Appeals (\$134,441 and 7 FTE), and not accepting the elimination of per diem for the Board of Health (\$2,240). The per diem is appropriated to the Department of Management. According to the Governor's Recommendation, 3 FTE are transferred to the Department of Personnel. Federal funds are the source for these positions.

Community Health, Division of
Sec. 204.10a

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	1,753,274	1,581,274	1,562,508
FTE	38.25	33.25	31.99

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Community Health Division. Comparing FY 1986 to FY 1987 Action, there is a decrease in state funding due to the transfer out to the Department of Human Rights, Deaf Services Division (\$190,766 and 7.26 FTE) and not accepting the Governor's Recommendation of eliminating Homemaker staff (\$172,000 and 6 FTE). Intent language for this Section allocates \$895.041 for the Chronic Renal Disease Program.

Public Health Nursing Program
Sec. 204.10b

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. ReComm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	2,101,259	2,101,259	2,101,259

This appropriation is for grants to local Boards of Health for the Public Health Nursing Program. The intent language for this Section includes a definition of "elderly" and "low-income." reallocating of funds, using a sliding-fee scale, and requiring the Department of Public Health to submit an annual evaluation of the Public Health Nursing Program.

Homemaker Program
Sec. 204.10c

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	7,033,669	7,033,669	7,033,669

This appropriation is for grants to county boards of supervisors for the Homemaker-Home Health Aide Program. The intent language for this Section includes a definition of "chore services" and the stipulation that up to 15% of the appropriation may be used for such services, definitions of an "elderly person," "homemaker-home health aid services." "low income person," and "protective services." defines the allocation formula and with whom the local boards shall contract the services. specifies the reallocating of funds. the rules. the

use of a sliding-fee scale and requires the Department of Public Health to submit an annual report.

Well-elderly Clinics
Sec. 204.10d

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	205,957	205,957	205,957

This appropriation is for the development and maintenance of Well-elderly Clinics in the state.

Dental Examiners, Board of
Sec. 204.5

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	102.093	96,093	96.093
FTE	2.00	2.00	2.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Dental Examiners Board. Comparing FY 1986 to FY 1987 Action, there is no change in state funding due to not accepting the Governor's Recommendation of the elimination of per diem to the Board (\$6,000). The per diem is appropriated to the Department of Management.

Disease Prevention, Division of
Sec. 204.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	1,139,967	1,092,967	1,092,967
FTE	56.60	55.60	54.60

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Disease Prevention Division. Comparing FY 1986 to FY 1987 Action. there is a decrease in state funding due to accepting the Governor's Recommendation of the elimination of the Mobile Home Park Inspections (847,000 and 2 FTE).

Health Planning and Development, Division of
Sec. 204.2

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	243,636	179,411	179,411
FTE	16.75	15.00	15.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Health Planning and Development Division. Comparing FY 1986 to FY 1987 Action, there is a decrease in state funding due to accepting the Governor's Recommendation of consolidating the Departments of Health and Substance Abuse (\$29,489 and 1 FTE). and a portion of the elimination of per diem for the Health Facilities Commission (\$34,736 and .75 FTE). The portion of the per diem accepted is \$15,000 and is appropriated to the Department of Management.

Licensing Boards Examination Expenses
Sec. 205

This Section provides a mechanism by which the licensing boards under the Department of Public Health may expend additional funds for examination over their appropriation. The Office of Management shall approve the encumbrance or expenditures of these additional funds.

Medical Examiners, Board of
Sec. 204.6

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987 ,</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	593,612	364,008	574,876
FTE	14.00	7.00	14.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Medical Examiners Board. Comparing FY 1986 to FY 1987 Action, there is no change in state funding due to not accepting the Governor's Recommendation of transferring the inspection functions of the Board to the Department of Inspections and Appeals (\$210,868 and 6 FTE), and the elimination of per diem to the Board (\$18,736). The per diem is appropriated to the Department of Management.

Nursing Examiners, Division of
Sec. 204.7

	<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	526,507	431,294	506,774
FTE	16.00	13.20	16.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Nursing Examiners Board. Comparing FY 1986 to FY 1987 Action, there is no change in state funding due to not accepting the Governor's Recommendation of transferring the inspection functions of the Board to the Department of Inspections and Appeals

(\$75,480 and 2.8 FTE), and the elimination of per diem (\$19,733). The per diem is appropriated to the Department of Management.

Personal and Family Health, Division of
Sec. 204.9a

	<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	1,605,288	1,130,061	1,510,018
FTE	50.00	45.20	46.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Personal and Family Health Division. Comparing FY 1986 to FY 1987 Action, there is a decrease in state funding due to accepting the Governor's Recommendation of consolidating the Departments of Health and Substance Abuse (\$64,500 and 2 FTE), transferring out to the Department of Inspections and Appeals (\$30,770 and 2 FTE), and not accepting the elimination of the Maternal and Child Health Expansion Program (\$356,957), and the Dietary Management staff (\$23,000 and .8 FTE).

Intent language states that, of the funds that this Section allocates, \$600,944 is for the Birth Defects and Genetics Counseling Program and specifies that \$39,600 of these funds are allocated for a Central Birth Defects Registry Program. Furthermore, the counseling program shall apply a sliding-fee scale and these fees shall be considered repayment receipts to be used for the program.

This Section allocates to the University of Iowa Hospital and Clinics money for programs under the Iowa Specialized Child Health Care Services. These include:

Mobile and Regional Child Health Specialty Clinics	\$ 308,411
Muscular Dystrophy/Related Genetic Disease Programs	125,322
Statewide Perinatal Program	41,635

Of the \$308,411 for the Specialty Clinics, \$68,536 shall be used for a Specialized Medical Home Care Program for children who require technical medical care in the home.

This Section states that the University of Iowa Hospital and Clinics shall not receive an allocation for indirect costs and the Department of Public Health shall administer the statewide Maternal and Child Health Program and the Crippled Children's Program.

Sexual Abuse Investigations
Sec. 204.9b

	FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$	55,014	55,014	55,014

This appropriation is for medical procedures required by Chapter 709.10, Code of Iowa, for investigations of sexual abuse.

SIDS Autopsies
Sec. 204.9c

	FY 1986 Approp.	FV 1987 Gov. Recomm.	FY 1987 Leg. Action
\$	14,278	0	14,278

This appropriation is for reimbursing counties for expenses resulting from autopsies of suspected victims of Sudden Infant Death Syndrome required under Chapter 331.802(j), Code of Iowa.

Pharmacy Examiners. Board of
Sec. 204.8

	FY 1986 Approp.	FV 1987 Gov. Recomm.	FV 1987 Leg. Action
3	338,269	115,380	323,019
FTE	10.00	4.00	10.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Pharmacy Examiners Board. Comparing FY 1986 to FV 1987 Action, there is no change in state funding due to not accepting the Governor's Recommendation of transferring the inspection functions of the Board to the Department of Inspections and Appeals (\$207,639 and 6 FTE), and the elimination of per diem (315,250). The per diem is appropriated to the Department of Management.

Under this Section, but pertaining to Sections 204.4-8 of this Act, is intent language that each Board shall prepare estimates of projected receipts due to licensing, certification and examination fees and adjust its schedule of fees so that projected receipts equal projected costs.

Professional Licensure, Division of
Sec. 204.4

	FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$	575,041	393,963	412,745
FTE	17.00	13.00	12.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Professional Licensure Division. Comparing FY 1986 to FY 1987 Action, there is a decrease in state funding due to accepting the Governor's Recommendation of a transfer out to the Department of Inspections and Appeals (\$141,778 and 5 FTE), not accepting the elimination of per diem for the Boards (\$39,300), plus a decrease due to the consolidation of the support staff because of reorganization (319,725 and 1 FTE), and a general increase to the Division (\$38,507 and 1 FTE). The per diem is appropriated to the Department of Management.

Substance Abuse. Division of
General Office
Sec. 204.11a

	FV 1986 Approp.	FV 1987 Gov. Recomm.	Leg. Action
3	370,302	210,317	503,917
FTE	20.50	15.00	15.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the General Office. Comparing FY 1986 to FY 1987 Action, there is an increase in state funding due to accepting the Governor's Recommendation of consolidating the Departments of Health and Substance Abuse (\$119,031 and 4 FTE), reducing the Public Information Program for Substance Abuse (\$33,454 and 1 FTE), not accepting the elimination of per diem for the Board (\$7,500), plus transferring in from the Program Grants of the Division of Substance Abuse (\$293,600). The per diem is appropriated to the Department of Management.

Program Grants
Sec. 204.11b

	FV 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$	7,066,023	7,066,023	6,772,423

This appropriation is for Substance Abuse Program Grants. Comparing FY 1986 to FY 1987 Action, there is a decrease in state funding due to transferring out to the General Office of the Division of Substance Abuse (\$293,600).

Note: Regarding Section 204.11 of this Act, the money received through the Alcohol, Drug Abuse and Mental Health Block Grant will be used exclusively for program grants and not for administration. Therefore, there is no difference in what is being appropriated to the General Office or the Program Grants when the block grant and the state appropriations bills are taken into consideration.

PUBLIC SAFETY. DEPARTMENT OF

Administration

H.F. 2484

Sec. 408.1a

	<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
a	4,414,568	4,195,911	1,697,542

The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 7 FTE associated with creating a Department of Personnel (\$205,657) and minus .5 FTE associated with creating a Department of Inspections and Appeals (\$13,000). The Legislative Action reflects the separation of communications from administration (see Section 408.1 of this Act) and an adjustment for lower gas prices.

Capitol Security

Sec. 408.3

	<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	691,962	691,962	688,452

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an adjustment for lower gas prices.

Communications

Sec. 408.1b

	<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$	0	0	2,482,592

The Legislative Action reflects the separation of communications from administration (see Sect on

408.1 of this Act) and an adjustment for lower gas prices.

Criminal Investigation

Sec. 408.4a

	<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
8	4,763,059	4,715,161	4,658,508

The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 1 FTE associated with the creation of a Department of Personnel (\$47,898). The Legislative Action reflects an adjustment for lower gas prices.

Fire Marshal

Sec. 408.2

	<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$	1,037,944	1,037,944	1,023,634

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an adjustment for lower gas prices.

Highway Safety Patrol

Sec. 409

	<u>FV 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
8	17,194,651	16,707,015	0

The Governor's Recommendation is based upon the revised amount available in FY 1986, minus 1 FTE associated with creation of a Department of Personnel (\$40,436), and 14 FTE related to eliminating community service officers (\$350,000). The Legislative Action reflects funding of the Highway Safety Patrol directly from the Road Use Tax Fund in the amount of \$17,174,415. Funding for the community service officers is restored; 1 officer in each State Patrol district and a state-wide coordinator. Included is an amount not to exceed \$20,000 for administration of federal highway safety programs.

Language is included permitting the appointment of not more than 8 members of the Highway Safety Patrol, subject to available federal funding. These members shall be totally funded with federal

money and are in addition to the statutory complement of not to exceed 410 persons.

Medical Examiner, State
Sec. 408.5

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 28,557	28,557	28,473

The Governor's Recommendation is based upon the revised amount available in FY 1966. The Legislative Action reflects an adjustment for lower gas prices.

Pari-Mutuel Enforcement
Sec. 408.4c

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1967</u> <u>Leg. Action</u>
\$ 220,837	220,837	220,186

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an adjustment for lower gas prices.

Motor Vehicle Purchase: Intent language is included stating that the Department of Criminal Investigations shall not purchase more than 5 motor vehicles of the same make or model based upon specifications submitted by the Department.

Retired Employee Insurance: Language is included providing that employees who retire after July 1, 1986, are eligible for payment of life or health insurance premiums as provided for in the collective bargaining agreement in effect at the time of retirement if that employee previously served in a position which would have been covered by that agreement.

Salary Adjustment
Sec. 410

The Legislative Action appropriates \$1,103,700 from the Road Use Tax Fund for the Department's salary adjustments. This is the same amount appropriated from the general fund in Chapter 254.1(3b), Acts of 1985 (see Section 416 of this Act).

Salary Adjustment Fund
Sec. 416

This Section amends Chapter 254.1(3.b), Acts of Iowa. An appropriation of \$1,103,700 from the Road Use Tax Fund to the general fund for FY 1987 is eliminated (see Section 410 of this Act).

Undercover Purchases
Sec. 408.4b

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 190,377	190,377	189,816

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an adjustment for lower gas prices.

Victim Compensation
Sec. 408.1c

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 40,931	40,931	40,810

The Governor's Recommendation is based upon the revised amount available in FY 1986. The Legislative Action reflects an adjustment for lower gas prices.

Language is included which continues the separate fund created in last year's appropriation bill. funded with the \$100 civil penalties assessed against persons whose licenses are revoked under Chapter 3218, Code of Iowa, and to be used for the purposes of Chapter 912, Code of Iowa. Any balance in the fund on June 30, 1987 exceeding \$50,000 shall revert to the general fund of the state.

REGENTS, BOARD OF
Board Office
H.F. 2484
Sec. 110.1a

<u>FY 1986</u> <u>pprop.</u>	<u>FY 1967</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 437,468	424,710	411,336

ITEM VETO

Funds the salaries, support, maintenance, and miscellaneous purposes of the Board Office. The Legislative Action represents a 313,374 decrease from the FY 1986 funding. This is a \$13,374 decrease from the Governor's Recommendation for vehicle depreciation (\$1,440) and travel (\$11,934). The per diem (\$12,758) for the Board has been restored and appropriated to the Department of Management.

Bond Reporting

Sec. 127,9-130

These Sections require reports on projects funded by bonds. The Board and the Legislative Fiscal Bureau are to determine the contents of a line item budget to be submitted to the General Assembly on these bonding projects

Braille And Sight Saving School

Sec. 110.6

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 2,505,341	2,505,340	2,475,290

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes. Legislative Action is a \$30,050 reduction from the FY 1986 funding level. Of this amount \$2.610 is for revised gas price estimates.

Capital Expenditures

Sec. 164

This Section states that funds appropriated to the Board shall not be used for capital improvements.

Indigent Obstetrical Patient Quotas

Sec. 111

This Section establishes a 31.1 million Obstetrical Care Fund. Based upon a formula, counties are assigned a quota they can use to provide indigent births locally and apply for reimbursement of up to 81,400 from the obstetrical fund.

Iowa School For The Deaf

Sec. 110.5

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
a 4,578,134	4,578,136	4,520,929

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes. Legislative Action is a \$57,207 decrease from the FY 1986 level. Of this amount, \$4,647 is for revised gas price estimates.

Iowa State University

Agricultural Experiment Station

Sec. 110.3b

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 11,002,022	11,002,021	11,002,021

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of the Agricultural Experiment Station.

Center for Industrial Research and Services

Sec. 110.3c(1)

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 0	0	50,000

Funds are appropriated for a hazardous waste cleanup project.

Cooperative Extension Service

Sec. 110.3c(1)

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 10,453,403	10,453,403	10,343,403

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes. Legislative Action is a reduction of \$110,000 from the FY 1986 funding level and the Governor's Recommendation. Cooperative Extension and the Department of Economic Development are to enter into an agreement providing for procedures for coordinating economic development activities.

Cooperative Extension Rural Concern Hotline

Sec. 110.3c(2)

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 60,600	0	90,000

Funds are appropriated for the Rural Concern Hotline. These funds may be matched with contributions from private sources.

General University

Sec. 110.3a

FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 96,105,752	96,105,754	96,082,703

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes. Legislative Action is a \$23,051 decrease from the FY 1986 funding level for reduced gas price estimates.

Water Resources Research Institute
Sec. 507

	FY 1986	FY 1987	FY 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	128,504	0	100,000

This appropriation supports research projects on water-related subjects, such as groundwater nitrates. For FY 1987 there is a decrease in state funding from FY 1986 of \$28,504 or 22.2%.

Limitations on Self Liquidating Bonds

Sec. 126

This Section limits the projects for which self-liquidating bonds can be issued. Except for dormitories other self-liquidating bonds would now require the approval from the General Assembly and the Governor.

Merger Requirements

Sec. 132

This Section requires 3 conditions to be met before the School for the Deaf and the Braille and Sight Saving School can be merged. These are; a study of all aspects of a merger by the Department of Management, a review by the General Assembly of this study, and the passage of legislation authorizing the merger no sooner than 2 years from its passage.

Refinancing of Academic Revenue Bonds

Sec. 128

This Section requires the Board to analyze the various factors involved in refinancing academic revenue bonds. The Board shall refinance selected bonds to reduce the requirement for tuition replacement funds.

Salary Adjustments

Sec. 110.1c

	FY 1986	FY 1987	FY 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	0	2,000,000

Funds are appropriated for salaries of the faculty, professional and scientific staff. These funds are to be distributed on the prorated basis of the FTE faculty at each institution of higher education.

Sister State Resident Tuition

Sec. 125

This Section provides that the residents of Iowa's Sister State's (Yamanishi, Japan; Yucatan, Mexico; Hebei, China) are eligible for resident tuition at the institutions of higher education.

Transportation Reimbursement

Sec. 131

This Section changes the current law from allowing only 11 reimbursed trips home from the School for the Deaf or the School for the Blind. This allows an unlimited number of trips and is to comply with federal guidelines.

Tuition Replacement Bonds

Sec. 110.1b

	FY 1986	FY 1987	FY 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	17,291,054	17,291,054	17,291,054

The Governor's Recommendation and Legislative Action are the same as the FY 1986 appropriation. The State Board of Regents shall refund and refinance academic revenue bonds, if substantial savings are available.

University of Iowa

Family Practice Program

Sec. 110.2b(2)

	FY 1986	FY 1987	FY 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	1,359,609	1,359,609	1,359,609

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of the Family Practice Program.

General University

Sec. 110.2a

	FY 1986	FY 1987	FY 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	117,859,572	117,706,681	117,840,274

Legislative Action is a \$133,593 increase over the Governor's Recommendation. Legislative Action restored the transfer of the state archeologist duties to the Historical Division (\$152,891). The appropriation was then reduced by \$19,298 to reflect revised gas price estimates.

Hospital Reports
Sec. 110.2d

This Subsection requires the University Hospital to submit the reports required by Chapter 255.54. Code of Iowa, to the Department of Management and the Legislative Fiscal Bureau quarterly.

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of the Oakdale Campus.

Hospital School
Sec. 110.2h

FY 1906 Approp.	FV 1997 Gov. Recomm.	FY 1987 Leg. Action
\$ 3,874,645	3,074,645	3,874,645

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of the Hospital School.

Hygienic Laboratory
Sec. 110.2g

FY 1986 Approp.	FY 1987 Gov. Recomm.	FV 1987 Leg. Action
\$ 2,090,377	2,098,376	2,098,376

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of the Hygienic Laboratory.

Indigent Qualifications and Organ Transplants
Sec. 110.2c

This Subsection requires County Relief Officers to verify if a patient qualifies for Medicaid. If a patient qualifies, that patient may not be covered by the Indigent Patient Care Program. State funds expended for indigent patient organ transplants are not to exceed .9% of the total state funding for the Indigent Patient Program. In addition, indigent organ transplant patients must meet national eligibility criteria.

Psychiatric Hospital
Sec. 110.2f

FY 1986 Approp.	FY 1987 Gov. Recomm.	FV 1987 Leg. Action
\$ 5,321,184	5,321,186	5,321,186

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of the Psychiatric Hospital.

Specialized Child Health Care Services
Sec. 110.2b(3)

FV 1986 Approp.	FY 1987 Gov. Recomm.	FV 1987 Leg. Action
3 278,758	270,758	278,758

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of the Specialized Child Health Care Services Program.

University Hospitals
Sec. 110.2b(1)

FY 1986 Approp.	FV 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 24,670,940	24,670,941	23,070,941

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes. Legislative Action represents a \$1,600,000 decrease from the FV 1986 and the Governor's Recommendation. Of this, \$1,100,000 is used to fund the Obstetrical Patient Care Fund.

Medically Needy Abortions
Sec. 110.2e

This Subsection states that none of the funds appropriated to the University Hospital shall be used to perform abortions except medically necessary abortions.

University of Northern Iowa
General University
Sec. 110.4

FV 1986 Approp.	FY 1987 Gov. Recomm.	FV 1987 Leg. Action
\$ 37,872,553	37,872,554	37,846,399

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes. Legislative Action reduced the FV 1986 funding by 326.155 for decreased estimates of gas prices.

Oakdale Campus
Sec. 110.2i

FV 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$ 2,278,903	2,278,902	2,278,902

\$221,999 from the Department of Transportation to the Department of Inspections and Appeals, and a savings of \$405,250 from operations.

Legislative Action increased the appropriation to reflect the motor vehicle enforcement functions remaining within the Department.

Sec. 12.3

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recdmm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 304,000	304,000	304,000

This appropriation is from the Primary Road Fund for making payments to the Department of Personnel for expenses incurred in administering the merit system the Department.

Sec. 12.4

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 232,750	232,750	232,750

This appropriation is from the Primary Road Fund for unemployment compensation. The Governor's Recommendation and Legislative Action are the same as the FV 1986 appropriation.

Sec. 13

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 622,250	622,500	622,500

This appropriation is from the Primary Road Fund for workers' compensation.

Sec. 20

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 28,735	28,735	28,735

This appropriation is from the Road Use Tax Fund to the general fund for Comparable Worth salary adjustments for the Highway Patrol for FY 1987.

Sec. 21

<u>FV 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FY 1987</u> <u>Leg. Action</u>
\$ 372,823	372,823	552,209

This appropriation is from the Road Use Tax Fund to the Department for Comparable Worth salary adjustments for FV 1987. Legislative Action increased the appropriation by 3179,386 to reflect the Comparable Worth adjustments for the Motor Vehicle Division being funded from the Road Use Tax Fund for FY 1987. The Governor recommended the \$179,386 to be paid from the general fund.

Sec. 22

<u>FY 1986</u> <u>Approp.</u>	<u>FY 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 2,081,117	2,081,117	2,081,117

This appropriation is from the Primary Road Fund to the Department for Comparable Worth salary adjustments for FY 1987.

Permit Issuance Center

Sec. 15

ITEM VETO

The Department is required to operate a commercial vehicle permit center utilizing existing field facilities near the intersections of Iowa Highways 151, 61, and 52.

Personal Delivery of Service Appropriation

Sec. 29

This Section amends Chapter 321.211(1), Code of Iowa. An amount of \$107,000 shall be appropriated from the Road Use Tax Fund to fund personal delivery of service.

Public Improvement Bonds

Sec. 32

This Section amends Chapter 573.2(4), Code of Iowa. A contractor, which provides a bond required by a public improvement contract and subsequently the surety company becomes insolvent and the contractor is required to purchase a new bond, is allowed to apply for reimbursement from the agency that required the second bond.

Sec. 35

This Section stipulates that Section 32 of this Act shall apply retroactively to July 1, 1985 and the reimbursement may be applied for until August 31, 1986.

Salary Adjustment Fund

Sec. 415

This Section amends the amount appropriated by Chapter 254.1(2b), Acts of 1985. An amount of \$1,187,188 is appropriated from the Road Use Tax Fund to the Department for salary adjustments for FY 1987.

State Aviation Fund

Sec. 14

	FY 1986	FY 1987	FY 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	329.000	261.318	261.318

This appropriation is from the State Aviation Fund for salaries, support, and maintenance of the Department. The Governor's Recommendation represents a \$67.682 reduction from the FY 1986 appropriation through savings of 867.682 from operations.

TREASURER. OFFICE OF

General Office

H.F. 2484

Sec. 7

	FY 1986	FY 1987	FY 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	487.646	487.646	487,646

This appropriation is for salaries, support, and maintenance of the Treasurer's Office.

Long-Term Disability Reserve Account

Sec. 24

This Section appropriates 311,000,000 from the Account to the general fund.

Moneys and Credits Replacement Fund

Sec. 8

	FY 1986	FY 1987	FV 1987
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	2,379,713	2,475,000	2,475,000

This appropriation is for payments to cities and counties as provided in Chapter 422.100, Code of Iowa. The Governor's and the Legislative Recommendation represent a 4% increase above the FY 1986 appropriation.

\$221,999 from the Department of Transportation to the Department of Inspections and Appeals, and a savings of \$405,250 from operations.

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TREASURER, OFFICE OF
General Office
H.F. 2484
Sec. 7

<u>FY 1986</u> <u>Approp.</u>	<u>FV 1987</u> <u>Gov. Recomm.</u>	<u>FV 1987</u> <u>Leg. Action</u>
\$ 407,646	487,646	487,646

This appropriation is for salaries, support, and maintenance of the Treasurer's Office,

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Sec. 24

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\$ 2,379,713	2,475,000	2,475,000

This appropriation is for payments to cities and counties as provided in Chapter 422.100, Code of Iowa. The Governor's and the Legislative Recommendation represent a 4% increase above the FV 1986 appropriation.

WAYS AND MEANS AND FEES SUMMARY

FEE BILLS

**Combined Hunting, Fishing, and Fur Harvesting License
H.F. 2032**

Authorizes a combined hunting, fishing, and fur harvesting license with a fee of \$28.50. Currently, adults who hunt, fish and trap pay a total of \$31.00 annually for licenses (\$15.50 for a combination hunting and fishing license and \$15.50 for a fur harvesters license). In 1985, 23,000 adult fur harvester licenses were sold. Of these 23,000 trappers, it is estimated that 70% also hunt and fish and would purchase a combined license at \$28.50 rather than separate licenses at \$31.00.

FISCAL EFFECT: Currently, annual license receipts total \$499,100. Annual license receipts under H.F. 2032 are estimated at \$458,850. The cost of H.F. 2032, in terms of reduced hunting, fishing, and fur harvesting license receipts and printing costs (\$2.100) is \$42,350. Some of this cost may be offset by people buying a combination license who otherwise would not have purchased separate licenses.

**Deferral Of Court Fees
H.F. 2426**

Permits courts to allow a party to commence or defend a civil or criminal suit, action or appeal without the prepayment of fees, costs or security, upon a showing that the person is unable to pay such costs or give security. The fees, costs and security are deferred until final disposition of the proceeding. A person who wrongfully invokes this provision, or who knowingly makes a false statement regarding their inability to pay is guilty of perjury.

FISCAL EFFECT: The fiscal effect cannot be determined.

**Fees for Public Notices
H.F. 2350**

Increases by 25% the fee that may be charged for official publications under Chapter 349.16, Code of Iowa, and requires that these publications be in type not smaller than six point type. Provides that publication of matter which may be photographically reproduced instead of typeset shall be compensated at a rate not to exceed the lowest available earned rate for any similar advertising matter, and that statements of itemized financial and other like columnar matter shall be published in tabular form without additional compensation.

FISCAL EFFECT: H.F. 2350 will result in increased costs to counties, but the amount cannot be determined.

**Grain Indemnity Fund
S.F. 2116**

Creates a Grain Indemnity Fund. Receipts are deposited in the fund from a fee of one-quarter cent per bushel on all grain sold and an annual fee, reflecting an average annual premium fee for bond, paid by state licensed grain dealers and warehouse operators and participating federally licensed warehouses. Fees will be discontinued when the fund reaches \$6 million and reinstated on a pro-rata basis when the balance falls below \$3 million. Persons dealing in credit-sale contracts and who do not submit unqualified audits will be required to maintain an escrow account at 90% the value of the grain under credit-sale contract. A 5 member Indemnity Fund Board is established to monitor the fund, adjust fees, determine the validity and amount of claims, and to approve payment of administration costs from the fund.

ASSUMPTIONS: Annual indemnity fund receipts are estimated at \$3,774,491 (82,968,000 in receipts from grain sold, \$507,750 in receipts from grain dealers, and \$298,741 in receipts from licensed warehouses). S.F. 2116 states that moneys deposited in the Indemnity Fund may be used to pay the administrative costs associated with the Indemnity Fund. Additional staff and support will be required in FY 1987 and subsequent years. However, the responsibilities of the Grain Warehouse Division and, consequently, the expenses of the Division will depend upon the type of administrative rules developed and how the provisions of S.F. 2116 are administered.

FISCAL EFFECT: The additional costs resulting from S.F. 2116 that are anticipated by the Commerce Commission include:

1.) Verification of Indemnity Fund fee payments

The Commerce Commission estimates that verification of payments into the Indemnity Fund will require 2 additional field examiners and 1 additional account technician, totalling \$106,698 in FY 1987 in salaries and support and \$88,155 in subsequent years. S.F. 2116 allows for the payment of administrative costs arising from administration of the Indemnity Fund from the moneys deposited in the fund. Therefore, these costs would be eligible.

2.) Review of financial statements

The Commerce Commission anticipates the need for 1 additional account technician (\$20,000) to review quarterly financial statements submitted by licensees.

The costs associated with administration of the escrow provisions of S.F. 2116 will depend upon the form of administration and rules adopted. The Commerce Commission estimates a maximum of 8 additional field examiners, totalling an additional \$375.154 in salaries and support in FY 1987 and \$310,103 in subsequent years. This estimate is based on a system of extensive examination and cross-checking of documents. Enforcement of the escrow provisions on a sampling, complaint, and reasonable suspicion basis would require fewer additional field examiners.

No cost estimate is included for regulation of incidental warehouse and small grain dealer license exemptions.

Hunting and Fishing License Changes

H.F. 2414

Authorizes several hunting and fishing license changes. H.F. 2414 replaces separate 3-day fishing licenses for residents and nonresidents with a single license and establishes a landowner-tenant deer or wild turkey license. A fee for a duplicate hunter safety certificate is established. The Conservation Commission is allowed to establish a 3-day period when a fishing license is not required.

FISCAL EFFECT: Resident three-day fishing license revenues would increase by \$1.00 per license. Using 1985 actual sales of 1,744, the net increase in revenue would be \$1,744. In addition, printing costs would be reduced by \$780. Nonresident 3-day fishing license revenues would not change. Therefore, the total net increase in revenue due to the three-day fishing license is \$2,524.

The increase in revenue due to the fee on duplicate safety certificates, based on 1985 duplicate certificate issuances of 1,200, is \$3,600. There is no estimate available on the fiscal effect of landowner-tenant deer or wild turkey licenses although a drop in license revenue is anticipated. No change in revenue is expected from the establishment of free fishing days.

In summary, the provisions in H.F. 2414 establishing a 3-day fishing license and a fee on duplicate safety certificates are expected to increase annual revenues by \$6,124. However, the anticipated reduction in revenues due to the landowner-tenant deer and wild turkey license provisions can not be estimated.

Lien Fees

H.F. 2070

Sets the fee at \$3.00 for filing and entering agricultural supply dealers liens and other statutory liens not specifically enumerated in Chapter 602. Code of Iowa.

FISCAL EFFECT: The fiscal effect is not expected to be significant.

Snowmobile Registration Fees

S.F. 2295

Increases the two-year registration fee for snowmobiles from 812.00 to \$20.00 and also increases the part-year fees. S.F. 2295 takes effect September 1, 1986.

FISCAL EFFECT: Approximately 60,000 snowmobiles are currently registered in Iowa. The present two-year registration fee of \$12.00 generates \$360,000 in receipts annually. It is estimated that the increased two-year registration fee will increase annual receipts to \$600,000.

Turtle License, Commercial Mussel Buyers' License

H.F. 2463

Increases license fees, lowers gear tag fees, and establishes a commercial turtle license and a commercial mussel buyers license. Establishes gear requirements, regulates the commercial taking of turtles and mussels, and requires all commercial fishers to submit monthly reports to the Conservation Commission. The Commission is given the authority to prohibit commercial fishing, to revoke licenses of commercial fishers with repeat convictions, to allow the use of fishing gear for evaluation, and to set the size limits, mesh size limits, species, and seasons, by rule.

FISCAL EFFECT: The license increases and newly created licenses authorized in H.F. 2463 will generate an estimated \$61,520 in additional license receipts. Revenue from the sale of gear tags is expected to fall by \$7,590. The net effect of H.F. 2463 is an increase in overall receipts of \$53,930.

Vehicles of Excessive Size or Weight

S.F. 2296

Revises the definition of a special truck to increase the maximum gross weight registration from 20 to 32 tons. The special truck definition is also revised to disallow a motor truck modified by removal of a fifth wheel to be classified as a special truck. The registration fee is also modified for special trucks to require an additional registration fee of \$25.00 per ton over 20 tons.

Increases the weight limits on compacted-rubbish vehicles to 24,000 pounds on the rear axle of a two-axle vehicle, 40,000 pounds on tandem axles or transferable auxiliary axle vehicle and places a 60,000-pound maximum gross weight limit on these vehicles.

Under the provisions of S.F. 2296, the Department of Transportation would be allowed to issue a permit for oversize vehicles and loads valid for all road systems. Operation under the all-system permit is subject to the same restrictions as those applicable to annual permits. The \$250 all-system permit fee is to be deposited in the Road Use Tax Fund. S.F. 2296 also permits the movement of implements of husbandry between a retail seller and a farm purchaser within a 50-mile radius of the retailer's place of business.

ASSUMPTIONS:

1. There are presently 169 permits issued and valid for heavier rubbish vehicles operating at increased axle weights. It is estimated that this number of permits will increase to approximately 200.

2. It is estimated that each vehicle will travel 12,000 miles per year. Approximately 25% of the miles traveled will occur at the maximum axle weights permitted.

3. The current maximum axle weights for vehicles other than rubbish vehicles are 20,000 pounds for single axle vehicles, and 34,000 pounds for tandem axle vehicles.

4. It is estimated that the travel of these vehicles in the fully loaded condition will occur as follows:

State Primary Highways	20%
Paved County Roads	10%
Municipal City Streets	70%

FISCAL EFFECT: The Department of Transportation estimates the additional annual highway pavement wear resulting from the increased axle weights as follows:

State Primary Highways (rural and urban)	\$ 22,300
Paved County Roads	26,400
Municipal City Streets	771,500
TOTAL	\$ 820,200

Additionally, it is estimated that approximately 50% of the special permits will be issued to non-governmental organizations, which would generate approximately \$10,000 annually.

GENERAL TAXATION AND ADMINISTRATION

Administrative Requirements

H.F. 2471

Provides administrative requirements of taxpayers, taxpayers' representatives, and public and taxing authorities, and makes nonsubstantive and corrections.

FISCAL EFFECT: None.

Annual Installment Payments for Special Assessments

H.F. 2471

Provides that one or more additional annual installments of a special assessment may be paid after the current installment is paid before December 1 without interest. Each additional payment must be for the full amount of the annual installment. If installments remain to be paid, the next installment is due on the following July 1 and payable in September with other property taxes with interest added to December 1.

FISCAL EFFECT: None.

Internal Revenue Code Update

H.F. 2472

Updates references to the Internal Revenue Code of 1954 to incorporate technical revisions made to the Federal Tax Reform Act of 1984 for individual and corporation income tax, franchise tax, and inheritance tax. The update references are also made to various provisions authorizing tax-sheltered annuities so as to eliminate questions about the application of federal tax provisions enacted after the effective dates of such annuity provisions.

Changes in the state minimum tax were enacted in 1985 to revise the method for computation of the minimum tax. Among these changes to the law was a double deduction for net operating losses carried forward to the current taxable year. Corrects the law enacted in 1985 by deleting one of the net operating losses which were to be carried back or carried forward. Removes the requirement that member of an affiliated group of corporations consent in writing to the filing of a consolidated corporation income tax return.

FISCAL EFFECT: The impact of the bill, while unknown, is not anticipated to be significant.

Single Factor Corporate Income Tax

H.F. 2288

Strikes references to the single factor corporate income tax for farm corporations and strikes a provision prohibiting a sales, services, and use

tax refund or claim for taxes voluntarily paid based upon an alleged mistake of law from Chapter 422, Code of Iowa. H.F. 2288 is retroactive to January 1, 1986 for tax years beginning on or after that date.

FISCAL EFFECT: None

Tax Amnesty
H.F. 764

ITEM VETO

Allows an amnesty period to be extended to taxpayers for the purpose of paying delinquent taxes. Provides for increased auditing of taxpayers and increased enforcement of taxes administered by the Department of Revenue and Finance.

Amnesty provision:

Applies to persons, corporations or other entities subject to any tax imposed by law and payable to the state pursuant to Chapters 98. 324, 324A, 422, 422A, 423, 450, 450A, 450B, and 451, Code of Iowa.

FISCAL EFFECT: Department of Revenue estimates of the amnesty program alone are as follows:

Personnel	\$ 88,000
Mailing and Printing	24,000
Advertising, Telephone	140,000
Total Expenditure	\$ 252,000

The Conference Committee Report appropriates 3250,000 in FY 1986 (or so much thereof as necessary) to administer the program. It is anticipated that the amnesty portion of H.F. 764 will increase general fund receipts by \$3.5 to \$8 million in FY 1987.

Penalty provisions:

Penalties are increased by 50% (from 5 to 7.5% or from 10 to 15%) and interest charges are increased from 2% below the prime rate to the prime rate. For willful failure to file a return or filing a false return, penalties are increased for all tax filings from 50 to 75%. The penalty provisions are made effective January 1, 1987.

FISCAL EFFECT: According to Chapter 422.25(4), Code of Iowa, all payments received, i.e., tax, penalty, and interest, must first be credited to the penalty and interest accrued, and then to the tax due. Thus, the Department cannot discern exactly what constitutes the penalty portion of payments received.

However, the Department's audit and collection efforts generated approximately \$54.6 million of tax, penalty, and interest across all state taxes administered by the Department in FY 1985. Of this total, penalty is believed to account for 10%. Therefore, the increased penalties could increase general fund receipts by \$1.38 million in FY 1987 and \$2.75 million in subsequent fiscal years, if all other factors are held constant.

Enforcement and Audit Program Expansion:

1. Revocation or denial of license. The Department may revoke or deny if substantial non-payment of taxes exists; the Department may revoke or deny if officer or member of the board of directors of a corporation with a substantial financial interest owes sales, use, or withholding taxes.

2. Corporate officer liability. Officers and business partners with a substantial financial interest in the business and that have responsibility for sales and use tax remittances are made personally liable if they knowingly and intentionally fail to remit; an exception exists for accounts receivable.

3. Successor liability. Immediate successors of the business are made liable for the delinquent business-related taxes of the previous owner. The Department may waive the successor's liability if the successor exercises due diligence in establishing any previous liability and fails to find that liability.

4. Sales tax collection responsibility for flea markets and fairs. The proprietor is exempted from this responsibility in the instance of county and district agricultural fairs and nonprofit activities taking place 3 or fewer times per year.

FISCAL EFFECT: H.F. 764 appropriates \$1 million (or so much thereof as necessary) for FY 1986 to fund the increased auditing and enforcement provisions. According to Department estimates, the audit program expansion is expected to generate an additional \$3 million in FY 1987, and an additional \$5.8 million in FY 1988 and subsequent years. On the expenditure side, the Department has indicated that 44.62 FTE are needed in FY 1987 for a total cost to the state of \$1,080,400.

Thus, the net fiscal effect of H.F. 764 for FY 1987 and FY 1988 is an \$8.3 million increase and an \$7.47 million increase in general fund revenue, respectively. Revenues from the amnesty program are assumed to be \$5 million in FY 1987. No amnesty revenue will accrue to the general fund in FY 1988 and subsequent fiscal years.

INCOME TAX

Computation of Net Income and Tax Due

H.F. 2491

Limits the state individual income tax of a taxpayer to the taxpayer's net worth if (1) the taxpayer's net income includes the gain or loss from the forfeiture of an installment real estate contract, (2) real or personal property securing a debt is transferred to a creditor in cancellation of that debt, or (3) the sale or exchange of property as a result of actual notice of foreclosure occurs, where the fair market value of the taxpayer's assets exceeds the taxpayer's liabilities immediately before such forfeiture, transfer, sale, or exchange.

Provides that in computing net income for state individual income tax purposes, the gain or loss from the forfeiture of an installment real estate contract, the transfer of real or personal property securing a debt to a creditor in cancellation of that debt or from the sale or exchange of property as a result of actual notice of foreclosure shall not be taken into account if such transaction was done for the purpose of establishing a positive cash flow, if immediately before the transaction the taxpayer's net worth at the end of the tax year is less than \$75,000. H.F. 2491 is retroactive to January 1, 1986 for tax years beginning on or after that date.

FISCAL EFFECT: No specific dollar estimate is available, because it is not known how many taxpayers would meet the qualifications stipulated in H.F. 2491. However, the dollar impact is not expected to be significant.

Individual and Corporate Income Tax Adjustments

S.F. 2294

Makes several changes to the state individual and corporate income tax. The political checkoff is increased from \$1.00 to \$1.50 for those taxpayers who direct that a portion of their tax liability be paid to the Iowa Election Campaign Fund when their state income tax return is filed. Repeals the additional political checkoff of 32.00 and repeals the political contribution credit.

Removes the percentage depletion amount and intangible drilling costs from those tax preference items included in federal alternative minimum taxable income for the purpose of calculating Iowa alternative minimum taxable income. S.F. 2294 requires that the amount by which the aggregate loss from all passive investment activity exceeds the lesser of the taxpayer's cash basis or \$50,000 be included for Iowa individual minimum tax purposes.

Losses from passive farming activities that can be offset against other income are limited to the first 325,000. This provision applies to the passive income of individuals, Subchapter S corporations, partnerships, estates, trusts, and corporations. In addition, the amount of intangible drilling and development costs deducted in the year paid and the percentage depletion amount are added to the calculation of net income.

Changes the child and dependent care credit allowed under Chapter 422.12. Code of Iowa, from 10% of the qualifying employment related expenses to 45% federal child and dependent care credit provided in Section 21 of the Internal Revenue Code of 1954.

FISCAL EFFECT:

Political Funding. Based on returns filed in 1985, the net effect of the change is estimated to be a \$140,000 increase to the general fund in FY 1987 and subsequent fiscal years.

Excess Passive Activity Losses. The data required to estimate the fiscal effect are not available.

Intangible Drilling and Development Costs. For individual returns, it is estimated that general fund receipts would increase between \$1.0 and \$2.0 million in FY 1987 and subsequent years. The impact due to corporate returns is unknown.

Percentage Depletion. General fund receipts are estimated to increase by less than \$1 million in FY 1987 and subsequent years for individual returns. The impact due to corporate returns, while unknown, is expected to be much less.

Child Care Credit. No increase or decrease in general fund revenues is expected. However, some shifting will occur between individual taxpayers which will cause some to gain and others to lose.

Withholding for Nonresident Film or Videotape Productions

H.F. 2475

Provides that nonresidents engaged in any facet of the feature film, television, or educational production using the film or videotape disciplines in the state are not subject to state income tax withholding upon filing for exemption by the employer and determination that the nonresident would be entitled to a credit against Iowa income taxes paid.

FISCAL EFFECT: None.

INSURANCE PREMIUM TAX

Nonprofit Health Service Corporations

S.F. 2277

Clarifies that Chapter 239, Acts of 1985 (House File 570), relating to the taxation of payments received by a nonprofit health service corporation (Blue Cross and Blue Shield) for subscriber contracts,, was intended to be effective January 1, 1985.

FISCAL EFFECT: Chapter 239, Acts of Iowa. imposes a 2% tax on Blue Cross and Blue Shield applicable to the gross amount of payments received during the previous calendar year for subscriber contracts covering residents of Iowa. The original estimate made during the 1985 session indicated that the tax would increase general fund revenues by \$11 million for FY 1986.

The effect of S.F. 2277 is to clarify the intent of the general assembly such that all payments received during calendar year 1985 are subject to tax rather than payments received on or after July 1, 1985 (the effective date of H.F. 570). As a result, Blue Cross and Blue Shield would be required to pay \$11 million, rather than \$5.5 million, in taxes in FY 1986.

LOCAL OPTIONS TAX

Repeal of Local Sales Tax Under Certain Conditions

S.F. 2302

Amends Chapter 422B, Code of Iowa. by striking references to the local earnings tax, and by allowing a county to repeal a local sales tax in a city, if the governing body of the city adopts a motion requesting its repeal. The bill also provides for the exemption from a local sales tax of lottery tickets, motor and special fuel, and hotel and motel rentals if these are taxed under a local hotel and motel tax, and natural gas and electric energy if a city or county imposes a franchise or user fee on them.

S.F. 2302 also provides that if the Director of Revenue and Finance is unable to determine which county should be paid local sales and services tax receipts from the local sales and services tax fund. the receipts shall be allocated to the counties based on allocation rules adopted by the Department.

FISCAL EFFECT: Unknown.

MOTOR FUEL AND SPECIAL TAXES

Fuel Delivered into Storage

H.F. 717

Amends the tax treatment of motor and special fuel purchased by a regional transit system such that a

regional transit system may purchase fuel tax-free only if the fuel is delivered into storage. Eliminates the inconsistent penalty provisions contained in Chapters 324 and 805, Code of Iowa, by eliminating the \$10 scheduled violation given in Chapter 805. thereby making the penalty for violating Chapter 324.52 a simple misdemeanor and the penalty for violating Chapter 324.74 a fraudulent practice.

FISCAL EFFECT: None. The change is expected to ease the administration of the tax for the Department.

PROPERTY TAX CREDITS

Filing of Homestead Credit Claim

S.F. 557

Provides that if a taxpayer files for the Homestead Credit after July 1 of the year for which the credit is claimed, the claim will be considered as a claim filed for the following year.

FISCAL EFFECT: None.

PROPERTY TAX

Additional Board of Review Members

H.F. 2481

Allows conference boards under Chapter 441. Code of Iowa, to appoint two emergency members to the boards of review for purposes of handling protests of property tax assessments. Before appointing the additional members, the conference board shall make a determination that because of the large number of protests filed or estimated to be filed, the present board of review is unable to review the protests in a timely fashion. The additional members would be appointed for terms up to two years, as set by the conference board.

FISCAL EFFECT: None.

Clerical Error in Assessment

H.F. 714

Provides that an owner or taxpayer may file a protest with the board of review against the assessment on property based on a clerical or mathematical error. The protest may be filed for such errors made in previous assessment years. The board of review. upon determination of the existence of an error, shall order the correction of the error provided the taxes have not been fully paid or otherwise legally discharged.

FISCAL EFFECT: H.F. 714 has no effect on the general fund. The local impact would vary with each individual situation, but is not expected to be significant.

Information on Assessment Rolls

S.F. 178

Provides that if there *is* no change in the value of a taxpayer's property, the information on the assessment roll may be printed on computer stock paper and preserved along with other assessment records. If the person assessed requests a copy of the assessment roll, a copy of the roll shall be provided to the person.

FISCAL EFFECT: None.

SALES, SERVICES, AND USE TAXES

Exemption for Sale of Automotive Fluids

S.F. 106

Exempts from the state sales and use tax the gross receipts from sales of automotive fluids to retailers who ultimately resell the fluids, and their installation in a motor vehicle, in the form of a service taxable under Chapter 422. Code of Iowa. Provides that the exemption is retroactive to January 1, 1979.

FISCAL EFFECT: No data are available to estimate the loss of general fund revenues that would result in exempting automotive fluids under S.F. 106.

Use Tax Exemption for Trailers, Ships and Barges

S.F. 2284

Provides that trailers and semitrailers registered under Chapter 326, Code of Iowa, are deemed to be used substantially in interstate commerce and to be registered for a gross weight of thirteen tons or more, making the trailers and semitraailers exempt from the state use tax.

Exempts ships, barges, and waterborne vessels which are used to transport property or cargo for hire from the state use tax; the materials or parts of such ships, barges, and vessels.

FISCAL EFFECT: None. The exemption is expected to ease recordkeeping for trailer and semitrailer owners. Additionally, use **tax** is not currently collected on ships, barges, and waterborne vessels.

Use Tax Exemptions Under Certain Conditions

H.F. 2470

Exempts the use of tangible personal property subject to the state sales tax from the state use tax only if the sales tax due on the sale has been paid to the Department of Revenue or to the retailer.

FISCAL EFFECT: Unknown. The provisions of H.F. 2478 are expected to eliminate problems arising from a purchaser buying goods outside of Iowa and taking delivery inside Iowa; the Department of Revenue would be unable to collect sales tax from the seller nor collect use tax from the buyer.

FEDERAL BLOCK GRANT. PETROLEUM OVERCHARGE AND SALARY SUMMARY

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ALCOHOL, DRUG ABUSE AND MENTAL HEALTH SERVICES BLOCK GRANT

S.F. 2304

Sec. 1.1

This Section appropriates \$2,936,000 to the Department of Public Health.

Sec. 1.2

Of the funds appropriated in Section 1.1, 17.8% is transferred to the Division of Mental Health, Mental Retardation, and Developmental Disabilities within the Department of Human Services for community mental health centers. Of this amount, 10% must be used to initiate new mental services for severely disturbed children and adolescents and new comprehensive community mental health programs for unserved areas or underserved populations.

Sec. 1.3

Funds appropriated in Section 1.1 shall not be used by the Department for administration. The Department shall pay the cost of an audit from the general fund of the state.

Sec. 1.4

Of the funds appropriated in Section 1.1, 5% shall be used to initiate and provide new alcohol and drug abuse services to women.

Sec. 1.5

The remaining funds appropriated in Section 1.1 shall be allocated as follows:

Drug abuse programs	38.89%
Alcohol abuse programs	38.89%
Prevention programs	22.22%

COMMUNITY DEVELOPMENT BLOCK GRANT

S.F. 2304

Sec. 5.1

This Section appropriates 824,920,000 to the Department of Economic Development.

Sec. 5.2

Not more than 8991,000 appropriated in Section 5.1 shall be used by the Department for administrative expenses, including the cost of an audit. The total amount used for these expenses includes \$495,500 of the funds appropriated in Section 5.1 and a matching contribution from the general fund of \$495,500. Total administrative expenses from both federal and state sources shall not exceed 4% of the amount appropriated.

COMMUNITY SERVICES BLOCK GRANT

S.F. 2304

Sec. 4.1a

This Section appropriates 83,768,600 to the Division of Community Action Agencies of the Department of Human Rights.

Sec. 4.1b

Not less than 97% of the funds appropriated in Section 4.1 shall be distributed to Community Action Agencies programs based upon the size of the poverty-level population in the state.

Sec. 4.2

Not more than 3% of the funds appropriated in Section 4.1(a) shall be used by the Division for administration expenses, including the cost of an audit.

CONSOLIDATED, CATEGORICAL OR EXPANDED FEDERAL BLOCK GRANTS

S.F. 2304

Sec. 13

This Section requires federal funding formerly received as categorical grants and consolidated into block grants, or block grants expanded to include programs formerly funded by categorical grants, to be appropriated for the programs formerly funded by the categorical grants, subject to the conditions outlined in this Section.

EDUCATION BLOCK GRANT

S.F. 2304

Sec. 6.1

This Section appropriates \$5,700,000 to the Department of Education.

Sec. 6.2

20% of the funds appropriated in Section 6.1, not to exceed \$1,140,000, is to be used by the Department for basic skills development, state leadership and support services, education improvement and support services, special projects, and state administrative expenses and auditing. The state administrative expenses of the Department are limited to \$200,000.

Sec. 6.3

80% of the funds appropriated in Section 6.1, is to be used by local education agencies according to the following percentages and enrollments:

- 75% on the basis of enrollment in public and approved non-public schools;
- 20% on the basis of the number of disadvantaged students in schools whose incidence of disadvantaged students is above average; and
- 5% on the basis of the number of limited English speaking students whose language imposes a barrier to learning.

Sec. 7

Funds appropriated under Section 6 of this Act shall not be used to aid schools or programs that illegally discriminate in employment or educational programs on the basis of sex, race, color, national origin, or disability.

LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

S.F. 2304

Sec. 8.1

This Section appropriates \$36,719,800 to the Division of Community Action Agencies, of the Department of Human Rights for Low-income Home Energy Assistance Grants.

Sec. 8.2

Not more than \$2,892,000 or 9% appropriated in Section 8.1. whichever is less, may be used for administrative expenses. Of the administrative funds, not more than 3290,000 shall be used by the Division for administration costs, including the cost of an audit.

Sec. 8.3

The remaining funds appropriated in Section 8.1 are allocated to help eligible households meet the costs of home energy. After an allowance of not more than \$1,000,000 for the carry forward. at least 10% and not more than 15% of the funds are allocated for low-income residential weatherization.

Sec. 8.4

An eligible household must allow residential weatherization or other related home repairs in order to receive home energy assistance. If the eligible household resides in rental property, the unwillingness of the landlord to allow weatherization or other repairs shall not prevent the household from receiving home energy assistance.

MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT

S.F. 2304

Sec. 2.1

This Subsection appropriates \$5,460,672 to the Department of Public Health.

Sec. 2.2

This Subsection sets forth the proportions to be used in allocating funds appropriated in Section 2.1 as follows:

Maternal and child health programs..... 63%
(Of these funds, \$48.720 is to be used for Sudden Infant Death Syndrome and 3208.950 is to be used for the statewide Perinatal Care program.)

University of Iowa hospitals and clinics..... 37%
(The University of Iowa hospitals and clinics shall not receive an allocation for indirect costs.)

Sec. 2.3

Not more than \$122,030 of the funds appropriated in Section 2.1 shall be used by the Department for administration, including the cost of an audit.

Intent language states that the Departments of Public Health, Human Services, and Education and the University of Iowa's Mobile and Regional Child Health Specialty Clinics shall continue the integration and coordination projects of these 4 agencies.

Sec. 2.4

The funds transferred from the Preventive Health and Health Services Block Grant (Section 3.4) shall be distributed according to the percentages in Section 2.2 of this Act (63% to Maternal and Child Health Programs and 37% to University of Iowa Hospitals and Clinics - Mobile and Regional Child Health Specialty Clinics).

Sec. 2.5

The Department of Public Health shall administer the statewide Maternal and Child Health Program and the Cripple Children's Program.

PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT

S.F. 2304

Sec. 3.1

This Section appropriates \$1,047,495 to the Department of Public Health.

Sec. 3.2

Not more than \$100,317 of the funds appropriated in Section 3.1 shall be used by the Department for administration, including the cost of an audit.

Sec. 3.3

This Section requires that funds specifically designated by the federal government for rape prevention must be spent on that program.

Sec. 3.4

Of the funds appropriated in Section 3.1. 7% is transferred to the Maternal and Child Health Services Block Grant.

Sec. 3.5

The remaining funds appropriated in Section 3.1 shall be allocated to the Department of Public Health for use of the following programs: Fluoridation Program, Risk Reduction Services, Health Incentive Program, Hypertension Program, and Emergency Medical Services.

PROCEDURE FOR INCREASED FEDERAL FUNDS

S.F. 2304

Sec. 12.1

If funds received from block grants exceed the amounts appropriated in Sections 1 (Alcohol, Drug Abuse and Mental Health Block Grant), 2 (Maternal and Child Health Services Block Grant), 3 (Preventive Health and Health Services Block Grant), and 6.3 (Education Block Grant). the excess

shall be prorated to the programs according to the percentages specified in those Sections, administrative expenses excepted.

Sec. 12.2

If funds received from block grants exceed the amounts appropriated in Section 5 (Community Development Block Grant), 100% of the excess is appropriated to the Community Development Block Grant Program. Not more than 2% of the excess may be used for additional administrative expenses.

Sec. 12.3

If the funds received from block grants exceed the amounts appropriated in Section 6.2 (Education Block Grant). the excess shall be deposited in a special fund created in Section 8.41 and is subject to appropriation by the General Assembly.

Sec. 12.4

If the funds received from block grants exceed the amounts appropriated in Section 8 (Low-Income Energy Assistance Block Grant), at least 10% and not more than 15% of the excess shall be allocated to the Low-income Weatherization Program.

Sec. 12.5

If the funds received from block grants exceed the amounts appropriated in Section 9.1 (Social Services Block Grant). the excess shall be prorated to the appropriate programs according to the percentages specified in that section, administrative expenses excepted.

Sec. 12.6

If the funds received from block grants exceed the amounts appropriated in Section 4 (Community Services Block Grant), 100% of the excess is allocated to the Community Services Block Grant Program.

PROCEDURE FOR REDUCED FEDERAL FUNDS

S.F. 2304

Sec. 11.1

The Governor is required to prorate the funds received to the various programs on the same percentage basis as specified in this Act, other than for the Rape Prevention Program under Section 3.3, if funding from the federal block grants is less than the amounts appropriated. This does not apply to Section 6 (Education Block Grant).

However, if the Governor determines that the funds allocated will not be sufficient, the Governor may allocate the funds in a manner which will effect, to the greatest extent possible, the purposes of the various programs for which the block grants are available.

Sec. 11.2a

The Governor is required. prior to implementing the actions under Section 11.1, to notify the chairpersons and ranking members of the Senate and House Appropriations Committees, the Legislative Fiscal Bureau, and the chairpersons and ranking ~~subcommittee~~ the affected appropriations

Sec. 11.2b

The notice must include the proposed allocations and justification of the percentages or amounts allocated to the individual programs.

Redefined Procedures:

Sec. 14.11(1)

The Alcohol, Drug Abuse and Mental Health Services block grant is excepted from the prorated procedure by the Governor for reduced federal funds.

Sec. 14.11(3)

Regarding the Alcohol, Drug Abuse and Mental Health Services block grant, if the funds are reduced, the reduction shall be divided equally between the Department of Substance Abuse and the Department of Human Services. Community Mental Health Centers up to \$644,000. If the reduction is more than \$644,000, the excess shall be divided according to the percentages in Section 1.2 of the FV 1986 Block Grant Bill.

PUBLICATION CLAUSE

S.F. 2304

Sec. 17

This Act is effective upon publication.

REDESIGNATION OF CERTAIN FUNDS

S.F. 2304

Sec. 15

The FY 1986 Block Grant is amended regarding funds which are appropriated to a department which no longer exists as of July 1, 1986, the appropriation shall be to the successor agency or agency responsible for the program after June 30, 1986.

SOCIAL SERVICES BLOCK GRANT PLAN

S.F. 2304

Sec. 10

Each fiscal year, the Department of Human Services is required to develop a plan for the use of federal Social Services Block Grant funds for the subsequent state fiscal year.

SOCIAL SERVICES BLOCK GRANT

S.F. 2304

Sec. 9.1

This Section appropriates \$33,084,972 to the Department of Human Services.

Sec. 9.2

Not more than **81,907,932** of the funds appropriated in Section **9.1** may be used by the Department of Human Services for general administration, including the cost of an audit.

Sec. 9.3

The remaining funds appropriated in Section **9.1** shall be allocated as follows:

Field operations.....	\$13,068,647
Home-based services.....	153.002
Foster care.....	4,847,444
Community-based service.....	776,329
Purchase of local services.....	12.199.070
Volunteers.....	132.548

TRANSFER TO THE DEPARTMENT OF SOCIAL SERVICES

S.F. 2304

Sec. 16

The Governor may transfer funds already appropriated not exceeding **81.8** million to replace lost funds in the Social Services **Block** Grant.

PETROLEUM OVERCHARGE

Declaration of Legislative Intent
S.F. 2305

Sec. 1

The purpose of this Act is to provide for the expenditure of a portion of the funds allocated and disbursed to the state under the federal court decision in the Exxon Corporation case. The intent is to expend funds fully within the letter and spirit of the guidelines established in the decision in that case which stipulate five federal energy conservation programs for which funds may be used. The eligible programs are: the State Energy Conservation Program (SECP); Energy Extension Service (EES); Low-Income Weatherization Assistance Program (WAP); Low-Income Home Energy Assistance Program (LHEAP); and the Institutional Conservation Program (ICP).

Energy Conservation Trust Fund

Sec. 2.1

The Energy Conservation Trust Fund is created as a separate account in the state treasury. All interest and earnings on investments from the money in the fund shall be credited to the Fund. Any money awarded or allocated to the state as a result of the 1985 federal court decision involving the Exxon Corporation shall be deposited in the Fund for use in one or more of the five eligible federal energy programs.

The Energy Conservation Trust Fund is established to make maximum use of the funds available to the state, as a result of federal court cases involving violations of federal petroleum pricing regulations, in order to increase energy conservation efforts and save Iowa citizens energy expenditures.

Funds received as a result of the Exxon Corporation decision shall be expended over a period of no more than six years.

State Treasurer's Responsibilities

Sec. 2.2

The State Treasurer shall be the custodian of the Energy Conservation Trust Fund and shall invest the moneys in the Fund in consultation with the Energy Fund Disbursement Council (see Section 2.3 of this Act) and the Investment Board of the Iowa Public Employees' Retirement System.

Energy Fund Disbursement Council

Sec. 2.3

A five member Energy Fund Disbursement Council is established. The Council is composed of the Governor or the Governor's designee, the Director of the Department of Management, the Administrator of the Division of Community Action Agencies of the Department of Human Rights, the Administrator of the Energy and Geological Resources Division of the

Department of Natural Resources, and a designee of the Director of the Department of Transportation, who is knowledgeable in the field of energy conservation. The Energy and Geological Resources Division of the Department of Natural Resources will provide staff assistance to the Council. Legal assistance will be provided by the Attorney General.

The Council's duties include: overseeing investment of Energy Conservation Trust Fund moneys; making recommendations to the Governor and General Assembly regarding annual appropriations from the Trust Fund; cooperating with the Energy and Geological Resources Division in adopting rules for review and selection of competitive grant and loan proposals; monitoring expenditures from the fund; approving grants or contracts awarded from the Trust Fund that are in excess of \$5,000; and preparing annual reports to the Governor and the General Assembly regarding Trust Fund earnings and expenditures.

Administrator of Fund

Sec. 2.4

The Administrator of the Energy and Geological Resources Division of the Department of Natural Resources will be the administrator of the Energy Conservation Trust Fund. The Administrator will disburse moneys appropriated from the Trust Fund by the General Assembly, in accordance with applicable federal court orders, regulations and law, and subject to the approval of the Energy Fund Disbursement Council.

The Council, after consultation with the Attorney General, shall immediately approve the disbursement of moneys from the Fund for projects that meet the guidelines of the five eligible federal energy conservation programs. The Council shall approve disbursement of funds for other projects only if the projects meet the guidelines for allowable projects under 1) a modification order entered by the federal court, 2) a directive order entered by the federal court, and/or 3) regulations adopted or written clarification issued by the U.S. Department of Energy.

Agricultural Energy Management Fund

Sec. 3

An Agricultural Energy Management Fund is created within the Department of Agriculture and Land Stewardship. The fund will be used to finance education and demonstration projects regarding tillage practices and management of fertilizer and ~~pesticide~~ ~~energy~~ ~~inputs~~ ~~management~~ ~~practices~~ ~~and~~ potential groundwater contamination. A nine member Agricultural Energy Management Advisory Council is established. The Council shall review possible uses of the funds and the effectiveness of current

and past expenditures of the fund. The Council shall make recommendations to the Department and the Department shall report annually to the House and Senate Energy and Environmental Protection Standing Committees.

Energy Conservation Trust Fund Appropriation

Sec. 4

This Section appropriates \$12,750,000 from the Energy Conservation Trust Fund for FY 1987 to the Energy and Geological Resources Division of the Department of Natural Resources for various purposes.

Subsection 1 appropriates \$1,500,000 for energy weatherization projects. The funds are to be transferred to the Division of Community Action Agencies of the Department of Human Rights for weatherization under the federal weatherization program. These funds may be used for retrofitting or acquiring furnaces and boilers.

Subsection 2 appropriates \$1,500,000 for qualifying energy conservation programs for low-income persons, including but not limited to energy weatherization projects.

Subsection 3 appropriates \$1,500,000 for energy audits and engineering analyses of public buildings as required by H.F. 2387.

Subsection 4 appropriates \$900,000 for energy conservation and renewable resource grants and contracts.

Subsection 5 appropriates \$1,000,000 to the Agricultural Energy Management Fund for use by the Soil Conservation Division of the Department of Agriculture and Land Stewardship.

Subsection 6 appropriates \$3,000,000 for highway system energy conservation expenditures improving traffic flow, reducing traffic congestion, or improving traffic safety, to be transferred to the Department of Transportation.

Subsection 7 appropriates \$1,700,000 for mass transit related energy conservation expenditures aiding rural and community-based transit and van-pooling, ride-sharing and car-pooling programs, and providing new or added commuter services. Funds are to be transferred to the Department of Transportation.

Subsection 8 appropriates \$1,500,000 to the Board of Regents for 1) technical assistance studies identifying conservation opportunities within Regent's buildings, 2) 50% matching grants for installing conservation measures identified in the studies, and 3) energy extension projects.

Subsection 9 appropriates \$150,000 for a solar ethanol project to be administered by the Center for Industrial Research and Service.

Administrative Funds

Sec. 5

Not more than \$500,000 from the Energy Research and Development Fund may be used for administration of the energy programs under Section 4.1 - 4.4 of this Act.

Request for Modification of Court Order

Sec. 6

The Administrator of the Energy and Geological Resources Division of the Department of Natural Resources and the Attorney General shall request the federal court to modify its order relating to the Exxon Corporation case to allow for the use of funds to defray court costs and administration expenses and to allow use of the moneys in the Energy Conservation Trust Fund in a manner consistent with the energy conservation goals of this Act.

Future Repeal

Sec. 7

The Energy Conservation Trust Fund and the Energy Fund Disbursement Council are repealed effective July 1, 1992.

Fund Carryovers

Sec. 8

All unencumbered or unobligated money remaining from the FY 1984 petroleum overcharge appropriation, as well as the interest accrued to the petroleum overcharge fund through June 30, 1986, is appropriated to the Energy Policy Council or its successor agency for FY 1987 to continue the programs established under the Acts of 1983, as amended by the Acts of 1985.

COMPENSATION FOR DEPARTMENT DIRECTORS AND OTHER OFFICIALS

General Salary Ranges - Exceptions

H.F. 2492

Sec. 1

The salary ranges in effect for **FY 1985** for appointed non-elected persons shall apply for **FY 1987**, except for the following:

- A. Department directors whose salary ranges are specified in Section 2 of this Act;
- B. Full-time members of the Board of Parole, who shall be compensated within salary range 4;
- C. The Industrial Commissioner, who shall be compensated within salary range 4; and
- D. Members of the Employment Appeal Board, who shall be compensated within salary range 3.

Department Director's Salary Ranges

Sec. 2.1

The salary ranges for department directors for **FY 1987** are as follows:

	Minimum	Maximum
A. Salary range 1	\$33,000	\$44,000
B. Salary range 2	\$42,000	855,000
C. Salary range 3	\$48,000	\$64,000

Department Director's Salary Ranges - Range 1

Sec. 2.2

The following are department director's salary range 1 positions:

- A. Department of Inspections and Appeals; and
- B. Department of Human Rights.

Department Director's Salary Ranges - Range 2

Sec. 2.3

The following are department director's salary range 2 positions:

- A. Department of Cultural Affairs;
- B. Department of Elder Affairs;
- C. Department of General Services;
- D. Department of Public Safety;
- E. Department of Public Health;
- F. Department of Personnel;
- G. Department of Commerce;
- H. Department of Corrections; and
- I. Department of Employment Services.

Department Director's Salary Ranges - Range 3

Sec. 2.4

The following are department director's salary range 3 positions:

- A. Department of Management;
- B. Department of Education;
- C. Department of Revenue and Finance;
- D. Department of Economic Development;
- E. Department of Human Services;
- F. Department of Transportation;
- G. Executive Secretary of the State Board of Regents; and
- H. Department of Natural Resources.

Compensation Adjustments

Sec. 3

Except as provided by law, the Governor shall establish a salary for an appointed non-elected person within the Executive Branch according the aforementioned salary ranges.

Appropriations

Sec. 4

All salaries established by law or the Governor shall be paid from the appropriations to the departments.

NON-GENERAL FUND APPROPRIATIONS

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Non-general Fund Appropriations Table.....113

Iowa Plan Fund Appropriations

	Governors FY 86	Final Action FY 86
Public Defense, Dept of		
Carroll armory	243,035	243,035
Cedar Rapids armory	234,335	234,335
Cedar Rapids armory	264,064	264,064
Education, Dept of		
Equipment Purchases	1,000,000	1,000,000
Governor's Office		
Telecomm Study	70,000	100,000
Agricultural Development Authority		
Farm Loan Program	5,000,000	3,000,000
Iowa State University		
Hazardous Waste Program	0	250,000
Legislative Council		
World Trade Advisory Committee	0	125,000
Natural Resources, Dept of		
Park and Recreation Grants	2,500,000	2,000,000
Energy Policy Council		
Energy Management Programs	0	150,000
Cultural Affairs, Dept of		
Community Cultural Grants	0	250,000
Economic Development, Dept of		
Community Economic Betterment Grants	5,000,000	10,000,000
Product Development Fund	1,000,000	2,000,000
Business Incubators, Satellite Centers, Procurement Offices, Tourism and Marketing, Main Street Program, and Foreign Trade Programs(A)	2,600,000	2,650,000
Farmer Hot Line	150,000	0
Research/Development Grants(B)	3,690,000	10,000,000
Foreign Trade Office	300,000	0
College Aid Commission		
Summer Teacher Institute	0	1,000,000
Management, Office of		
Farm Mediation(C)	100,000	0
Regents, Board of		
Value Added Research	200,000	0
TOTAL APPROPRIATION	22,351,434	33,266,434
FY 1986 LOW ESTIMATE, IOWA PLAN		17,694,000
FY 1986 HIGH ESTIMATE, IOWA PLAN		19,144,000

(A) The foreign trade programs are included only in the FY 1986 appropriation.

(B) For FY 1986, the first \$500,000 shall be allocated to Iowa State University University for biotechnology research.

(C) Programs received general fund appropriations.

Iowa Plan Fund Appropriations

	Governors <u>FY 87</u>	Final Action <u>FY 87</u>
Public Defense, Dept of		
Mason City armory	0	438,000
Fingerprint Computer	0	400,000
Education, Dept of		
Equipment Purchases	0	1,000,000
Iowa State University		
Hazardous Waste Project	0	100,000
Small Business Development Centers	0	700,000
Legislative Council		
World Trade Advisory Committee	0	125,000
Human Services, Dept of		
Computer Equipment	0	350,000
Justice, Dept of		
Office Automation	0	325,000
Management. Office of		
Emergency Capital	2,000,000	0
Farm Mediation	100,000	0
General Services, Dept of		
Capital Projects	2,000,000	0
Natural Resources, Dept of		
Park and Recreation Grants	2,500,000	2,500,000
Cultural Affairs. Dept of		
Community Cultural Grants	300,000	250,000
Economic Development. Dept of		
Community Economic Betterment Grants	10,000,000	10,000,000
Product Development Fund	1,000,000	2,000,000
Business Incubators, Satellite Centers, Procurement Offices, Tourism and Marketing, Main Street Program, and Foreign Trade Programs(A)	2,600,000	2,600,000
Conservation Corps(C)	0	1,000,000
Ambassadors Program(E)	1,000,000	0
Telecomm Development	150,000	0
Export Finance Program(E)	1,000,000	0
Farmer Hot Line	100,000	0
Research/Development Grants(D)	3,015,000	10,750,000
Foreign Trade Office(E)	300,000	0
Farmer Retraining Program	500,000	0
Ag-bio Tech Development	3,000,000	0

Iowa Plan Fund Appropriations

	Governors <u>FY 87</u>	Final Action <u>FY 87</u>
Iowa Finance Authority		
Small Business Loan Guarantees	0	200,000
Bond Bank	500,000	0
College Aid Commission		
Forgivable Loans	0	750,000
Summer Teacher Institute	0	1,000,000
Agricultural Development Authority		
Beginning Farmer Program	500,000	0
Ag-diversification Program(E)	500,000	0
Regents. Board of		
Value Added Research	200,000	0
TOTAL APPROPRIATION	31,265,000	34,488,000
FY 1987 LOW ESTIMATE, IOWA PLAN		21,840,000
FY 1987 HIGH ESTIMATE, IOWA PLAN		34,080,000

(C) \$500,000 of this appropriation shall fund programs as part of the Iowa Youth Corps.

(D) For FY 1987, the first \$3,750,000 shall be allocated to Iowa State University for biotechnology research.

(E) Programs received general fund appropriations.

Other Non-General Fund Appropriations

	Estimated FY 86	Governors FY 87	Final Action FY 87
General Services. Dept of			
Centralized Print Revl F	745,877	717,161	717,161
Vehicle Dispatcher Revl F	451,940	434,540	434,540
Centralized Purchas Revl F	471,050	452.915	452.915
Personnel. Dept of			
IPERS Fund	1,731,342	1,773,465	1,773,465
IPERS Fund: Prior Service	0	480,750	480,750
Natural Resources. Dept of			
Fish and Game Protection F	13,211,122	13,351,887	13,351,887
Snowmobile Trust Fund	67,000	67,000	67,000
Marine Fuel Tax Fund	464,730	474,100	474,100
Groundwater Fund	0	0	187,500
Energy Conserv Trust Fund	0	0	12,750,000
Boat Registration Fees	905,600	906,610	906.610
Agriculture and Land Stewardship, Dept of			
Fertilizer Fund	819,601	817,758	817,758
Dairy Trade Practices Fund	73,368	73,614	73.614
Commercial Feed Fund	777,906	770,201	770,201
Pesticide Fund	450,323	440,317	440.317
Indemnity Fund	0	0	100,000(2)
Unclaimed Parimutual Winnings	0	0	78.175
Commerce. Dept of			
Banking Div. Revl Fund	3,545,772	3,419,695(1)	3,905,000(2)
Utilities Div. Revl Fund	6,468,643	5,216,576(1)	4,681,400(2)
Insurance Div. Revl Fund	2,757,611	2,662,772(1)	11 50,000(2)
Savings & Loan Div. Revl F	320,514	236,506	345,000
Credit Union Div. Revl F	521,443	351,598(1)	541,000(2)
Beer & Liq Control Fund	17,675,255	15,083,746(1)	9,235,000
Transportation, Dept of			
Road Use Tax Fund	34,531,298	32,203,244	36,121,729
Primary Road Fund	135,264,867	139,590,819	139,875,793
State Aviation Fund	329,000	261,318	261,318

Note: (1) Governor's Recommendation represent a general fund appropriation instead of a non-general fund appropriation.

(2)Legislative Action includes amounts to be repaid to the general fund

PROGRAM EVALUATION AND RESEARCH ACTIVITIES

PROGRAY EVALUATION AND RESEARCH ACTIVITIES

In addition to the provision of fiscal analysis, the Legislature has assigned responsibility for conducting program evaluations and related research activities to the Legislative Fiscal Bureau. During the past year, two evaluations and four issue analyses were completed. Additionally, a long range research project was begun to evaluate the economic impact of programs funded through the Iowa lottery. It is expected that several reports will be generated as a result of this research over the next few years.

PROGRAY EVALUATION: CHILD WELFARE IN IOWA

In 1983, the Department of Human Services issued a document entitled "Recommendations for a Study of Child Welfare in Iowa." The document proposed creation of a Governor's task force to study changes that would "resolve problems and realize opportunities to better serve children in a cost-effective way." The Governor did not create a task force, and a legislative request was submitted for a study to examine "the outcomes of rapid and repeated changes in legislation affecting Iowa's child welfare system to determine whether the legislation and the administration are effective in achieving intended results, and whether child welfare 'reform' is being realized."

The Legislative Fiscal Bureau identified three goals for the study:

1. To identify the components of Iowa's child welfare system and problems which need to be corrected;
2. To compare the child welfare systems of other states and identify innovative alternatives that could be implemented in Iowa; and
3. To recommend adjustments needed in Iowa's current child welfare system.

During the early stages of the study a number of recent developments within the child welfare area were reviewed. To minimize duplication of effort, only the first goal of the original proposal was selected for investigation in this report. Research was conducted to compile an inventory of child welfare programs and services which were funded or administered by state agencies. The inventory identified characteristics of the programs such as the type of service rendered, the administering agency, primary populations served, eligibility requirements and sources of funding.

The second stage of the study was to identify child welfare problems and needs for which corrective action may be necessary. Through a series of discussion groups composed of state agency personnel and child welfare advocates, a large array of problems and needs were identified. In general, state agency personnel identified problems and needs stemming from philosophical differences, "turfism" and administrative inefficiencies. Advocates echoed these concerns but gave more attention to programming priorities, redirection of funds and external coordination difficulties.

The Fiscal Bureau made no specific recommendations based on this study, but has encouraged responsible state agencies to review the problems and needs and to take appropriate actions or further investigations where warranted.

PROGRAY EVALUATION: INVENTORY OF ELDERLY SERVICES COORDINATION

The Legislative Fiscal Bureau was directed by the Studies Committee of the Legislative Council at the June 19, 1985 meeting to develop an inventory of elderly services coordination within the State of Iowa. The Council directed the Human Resources chairs, vice-chairs and ranking members to, "oversee a Legislative Fiscal Bureau inventory of Iowa's coordination/delivery of community-based service to the elderly." Also to be included in the inventory was a "measurement of current pilot programs providing in-home services versus institutional programs."

A goal statement was developed based upon communication with those legislators charged with overseeing the inventory. This goal statement had three main areas, which were investigated and are summarized below.

1. In-Home Services Versus Institutionalization

The state lacks comprehensive data which would enable the assessment of coordination among providers of care. Available data was, for the most part, not comparable because of differing definitions and differing items collected.

The general consensus of both administrators and providers was that unnecessary and premature institutionalization can be delayed or avoided. However, unnecessary and premature are difficult to define. Research indicates that for every person

in an institution, there are three in the community who, are equally disabled. Again, the general consensus was that the best way to delay institutionalization is to develop an effective

prescreening tool for institutionalization and to assist the family with information and support to enhance their ability to continue to provide home care.

Interviewed administrators felt that the placement of emphasis on needs assessment and case management would assure that services more accurately meet the identified needs of individuals, that services change as needs change, and that the least expensive service package possible was being utilized.

The administrators also felt that by using uniform needs assessment forms and sharing those forms with all involved providers, duplication of assessment of need would be reduced. Furthermore, they believed by identifying one agency to be responsible for total case management, duplication of this service would be reduced.

Additionally, based upon discussion with administrators, the state must deal with the development of a release form. If the question of confidentiality can be answered, it is imperative that the overall assessment of an elder be at the disposal of any agency working with that person.

A programmatic question facing the state is whether professionals already in place should be trained to use improved methods and common forms for needs assessment and case management or should another layer of specialized nurse and social worker teams be added to the system? Many professionals currently in the system are now charged with these responsibilities which, sometimes result in a person having two or three case managers and multiple needs assessments.

Those surveyed are of the opinion this process needs to be simplified and coordinated. To achieve this, an initial prescreening at the community level should be conducted once and shared with any agency to whom the person is referred. If a comprehensive assessment is indicated, it should be conducted once and shared among providers and only one provider should be identified as the case manager. Finally, since case management is an extension of the original assessment, the case manager would then become responsible for reassessment of need, adjustment of the care plan, evaluation of services and coordination of services.

An additional comment concerning prescreening and comprehensive assessment instruments is the fact that communication is the key. Some type of forum for communication, be it the development of a Long Term Care Commission, statutory authority to the

Department of Elder Affairs, or some other statewide instrument should be developed to foster better communication concerning elders.

A comment must also be made concerning Care Review Committees. As they are presently organized, they do not function efficiently or effectively. The legislature should either strengthen the Care Review Committees or develop another alternative for dealing with their agenda.

2. Community-Eased Assessment Program - Iowa Commission on the Aging

The Department of Elder Affairs has been involved in six pilot programs of assessing home care against institutional programs. The Department was of the opinion, based upon evaluation of the pilot programs, that "A comprehensive long term care program eliminates the fragmented approaches to services, provides an assessment to determine the services and care needed, coordinates and simplifies funding requirements, and administers services which permit an elder to remain in a home environment as long as reasonably possible."

3. Gaps And Duplications In Community-Eased Programs

Published lists are available of all institutions and home care programs which are certified to receive payment from Medicare or Medicaid in Iowa. These include the Homemaker Home Health Aide programs and the Public Health Nursing programs. Most, but not all, are certified. What these listings do not include are those services which are unregulated. Home nursing and homemaker health aide services which do not receive public funds are not monitored, nor do they register with the state, therefore, their numbers and locations are unknown. The same is true for adult day care programs for elders and programs which are called respite programs. The Department of Public Health is currently considering a survey of public health nurses to identify these services in each county.

To date, the available published lists have not been analyzed to identify duplications or gaps in services. However, the Public Health Department is presently developing a county profile which will identify services already in place and will identify obvious gaps in services.

According to the Public Health Department, the profile will be based upon comparisons between counties by examining beds per population, services per population, and certain population characteristics. This inventory by the Department will be used for county and regional planning and

will be used by the Health Facilities Council to assist them in decision-making.

ISSUE ANALYSIS: CHILD ABUSE SUBSTANTIATION RATE

The study focused on two main questions:

1. What barriers exist in Iowa to increasing the substantiation rate in child abuse investigations?

The Department of Human Services had thoroughly studied this question in 1984 and made several recommendations in the areas of staffing, training and confidentiality restrictions. The "Final Report" of the Child Protection Study Committee was issued in October of 1984. In reviewing the status of the recommendations in that report, the following efforts at alleviating existing barriers were being undertaken.

- A. Five additional staff were planned to be added with funds appropriated during the 1985 legislative session to cover the shortage of staff in this area.
- O. A review of the case weight system of all services workers was being undertaken by the Department.
- C. Enhanced "esprit de corps" was being addressed through training and meetings which allow the expression of mutual concerns and common problems.
- D. No funding was available to establish a District Abuse Specialist, but the Department had applied for a grant to fund such a position. Other administrative efforts to assist with and enhance interagency and community cooperation and coordination were underway with a report scheduled to evaluate these efforts in July, 1986.
- E. The Department had been working with the Attorney General's Office to identify weaknesses in policy and procedures which contribute to poor performance in the legal proceedings related to an abuse case. The Department reports that this effort has been very successful.
- F. During the 1985 session, several changes were made in the state law relating to confidentiality restrictions and the retention of records. The Department reports that

the changes resulted in a workable compromise that will protect case building efforts as well as the privacy of reported families.

2. Do these barriers account for Iowa's lower substantiation rate relative to other states?

Iowa's substantiation rate in FY 1984 was 30%. Of those 15,299 reports of suspected abuse of neglect investigated by the Department, 4,636 resulted in proven instances of abusive or neglectful circumstances. When compared to surrounding states, Minnesota (47%), Illinois (45%), Missouri (43%), Nebraska (50%) and South Dakota (46%), it is clear that the reported rate of substantiation is lower in Iowa than for any state in the region. However, other factors in addition to identified barriers within Iowa contribute to this difference.

- A. ~~Departmental~~ ~~between~~ ~~problems.~~ ~~in~~ ~~these~~ causes confusion among professionals charged with determining actual situations of child abuse and neglect and contributes to variability in substantiation rates at all levels.
- B. Another cause is over reporting. Iowa law mandates certain professionals to report suspected cases and provides penalties for not reporting which results in some reports being made where no abuse exists. This over reporting results in an decrease in the proportion of cases that could result in a finding of abuse or neglect. Only two of the states listed have a higher reporting rate per 1,000 population.
- C. Screening of reports varies among the states and, again, the more thorough a screening system is ~~before~~ a report becomes a case the higher the substantiation rate may be.

ISSUE ANALYSIS: THE JOB INSURANCE PROGRAM IN IOWA, AWINISTERING UNEYEMPLOYENT COYPENSATION

The concern over and increasing awareness of the cost to Iowa employers of providing unemployment compensation protection to employees resulted in a request to study the following three questions.

1. Are unemployment claims being granted only to those who should qualify?

While the findings indicate the answer to this question is no, an attempt was made to determine

the seriousness of the problem. The large number of claims filed weekly prohibits verification of each. However, Job Service of Iowa conducts random audits of weekly claims to establish legitimacy of the claim and to verify continued eligibility of the claimant. The Department conducts 416 audits a year using a statistically representative sampling procedure which is considered a cost effective monitoring approach.

Additionally, the Department sponsors a telephone hot-line to report suspected cases of fraud which are investigated by the Fraud Unit. In 1983 a total of 1,096 cases were investigated. Where fraud is found, Job Service pursues repayment and in 1984 filed 225 cases with county attorneys for prosecution.

Another source of improper payment is through a no-fault overpayment. This occurs when an initial determination is made of eligibility allowing payment to the claimant. In an appeal a subsequent disqualification occurs resulting in the termination of benefits. In the interim the claimant has received benefits with no fraudulent intent. For 1984, 10,887 such payments were made, totalling approximately \$3,532,391. Job Service was able to recover 41% of these overpayments. Legislation to require a one week waiting period for the start of benefits has been enacted. This will allow additional investigative time to verify an initial claim, as well as result in an additional week of interest on the funds to accrue, thus helping the trust fund.

2. Do employers fail to protest unemployment claims because they have found the process to be too costly and too time consuming?

In any protest of an unemployment claim the employer must establish why the employee should not receive the benefit. Without protest, testimony or documentation by the employer, which establishes cause for disqualification, benefits are granted. Comments from employers did not focus on the costs, but rather they indicated that "it does not do any good." It appears their frustration is often a factor of misunderstanding the job insurance law and the protest and appeal procedure. To reduce time and costs involved in the process Job Service instituted a telephone interview and appeals hearings process. While this will reduce costs to employers, it will require greater documentation.

3. Are state agencies failing to protest unemployment claims submitted by former employees when such claims should be protested?

The 1983 Governor's Task Force on Economics and Efficiencies estimated that up to \$100,000 was being lost annually due to state agencies either failing to protest claims, to be present at all stages of the appeal process or to obtain reimbursement from the former employee for payments later determined to be inappropriate. Most state agencies rely on a tax service for centralized processing of job insurance claims and there is concern that agencies develop a false sense of security under the current system. However, Job Service noted that increased training of supervisory and personnel staff would be necessary without utilizing the tax service.

Recommendations

1. Increase advertising efforts to promote public reporting of suspected job insurance fraud.
2. Require job insurance training of all state agency supervisory and personnel staff.
3. Bill state agencies for job insurance overpayments that result from the failure of that agency to be present at fact-finding interviews and appeals hearings.
4. Require Job Service to monitor the claims, protest and appeals activities of state agencies.

ISSUE ANALYSIS: RURAL MEDICAL SERVICES STUDY

The Rural Medical Services Study Committee directed the Legislative Fiscal Bureau to obtain and interpret information on the following three questions.

1. What is the use of the Indigent Patient Care Program, the use of county relief funds, the use of Medicaid and the use of hospital charity and bad debt for the provision of childbirth services by county?

Based on information obtained from the University of Iowa Hospital Schools, County Relief offices, and the Department of Human Services, the following findings were developed.

- A. The use of the Indigent Patient Care Program for childbirth services decreases with increasing distance from Iowa City.

- B. County relief funds were used for 717 deliveries in FY 1985. Of these deliveries 700 were in Polk County.
 - C. The use of the Medicaid and Medically Needy Program for normal deliveries shows no correlation with the distance from Iowa City.
2. What is the current amount of "windfall" in funds to the University of Iowa resulting from patients formerly provided childbirth under the Indigent Patient Care Program who now have moved over to the Medicaid Medically Needy program?

Information provided by the University Hospitals and Department of Human Services were utilized to determine the following.

- A. Medically Needy deliveries at the University Hospitals from November 1, 1984 through March 1, 1986 accounted for 26 claims, \$97,941 total billings, and \$50,093 in total payments.
 - B. The estimated state appropriation shortfall at University Hospitals for FY 1987 is \$1.274 million.
3. Are there any existing medical school guidelines or standards on the number of on-campus births needed for the teaching aspects of an obstetrics program the size of the University of Iowa's? What is the number of on-campus births for other obstetrics programs in medical schools in the United States?
- A. The guidelines of the Accreditation Council for Graduate Medical Education does not set a minimum number of births per resident for the accreditation of an obstetrics and gynecology resident program.
 - B. University Hospitals rank fifth in annual births with 2.867 for 1984 among 17 of the nation's largest university-owned teaching hospitals in terms of either admissions or clinic visits.
 - C. University Hospitals ranks fifth in annual births per obstetric and gynecology resident position with 119 among those same hospitals.

ISSUE ANALYSIS: PRELIMINARY INFORMATION ON IOWA'S 623 PROGRAM

This report was based on concern for job training as an economic development tool for the state. The Iowa Industrial New Jobs Training Program (623 Program) was created as an incentive to industries considering locating or expanding operations in Iowa, by providing tax-aided training and partial salary support for employees needed in new jobs. To address the following concerns about the program, a representative sample of projects was selected.

1. The number of jobs projected to be created and the number actually created by the 623 program.

A total of 2,453 jobs had been contracted for and 2,072 or 84.5% had been created. It was expected that the majority of the jobs not yet created would be created, however it is possible to modify the contracts and reduce the number of jobs created.

2. The tax advantages provided to the company or corporation in terms of annual and total expenditures and foregone government revenues.

Among those projects for which adequate data was available, nearly \$13 million in tax subsidies will be provided over the life of the projects. The tax subsidies to businesses were made up of reduced withholding taxes collected by government (36.7%), tax incremental financing (51.4%) and tax abatements (11.1%). Of these, only withholding and tax incremental financing can be used to retire the certificates sold to pay for the training. The total tax subsidy ranged from \$1.40 to \$30.00 for each \$100 generated in new payroll.

3. The educational costs incurred in the training program and the funding source for those costs.

Instructional costs of these projects represent approximately 24% of the total certificate issue. Due to the financial reporting system it was impossible to identify specifically what source of funds paid for classroom training. Possible sources included the money generated by the certificates, the company's own funds or through funds allocated by the Job Training Partnership Act (JTPA) Program.

4. The number of persons actually trained and the scope and duration of their training.

For each project a specific breakdown of the job classification and the length and type of associated training is provided.

5. The successful completion rate of those taking training, and their resulting employment tenure with the company.

This information is not required under the program and therefore no information could be analysed on this issue.

6. The coordination between the project and JTPA in terms of identifying those most in need of employment and training, and the demographic characteristics of those actually trained.

Recently the staff at the Iowa Development Commission have begun to actively monitor and facilitate interaction between community colleges and the respective JTPA staff during the negotiation phase of 623 projects. Fifteen separate community colleges are involved and no structure exists which can insure coordination of the job training programs.

7. The ongoing monitoring and review procedure in place to evaluate the successful long-term retention of those trained and the absence of any "churning" by the company. If there are employees laid off or the company goes out of business, what happens to employees and how will this effect pay back?

As noted above, there is no monitoring system in place to follow longevity of employees hired through this program. If a 623 employer would go bankrupt or relocate before the certificates are retired, the business is liable to insure the retirement of the certificates. This is clearly specified in the contract to issue the certificates. Should the employer go bankrupt the community college, as a creditor of the company, can attempt to acquire assets of the company to generate the revenue necessary to retire the certificates through the courts. While it is clear that the financial obligation is with the company, there is no obligation in the contract to assist employees in finding other employment.

8. Has there been any review of the labor force which may indicate whether adequate numbers of qualified workers already exist for the positions for which training is being provided?

Quarterly reports provided by Job Service of Iowa are available for use by community colleges to determine the availability of potentially qualified

job seekers. Present law does not require utilization of this resource for determining whether training would be necessary.

9. Are the 623 projects actually adding new employees or retraining current employees for a new title?

While the Code of Iowa excludes jobs of recalled workers or replacement jobs for existing workers from qualifying as a new job, there is no documentation available from project files that this was verified by the community colleges.

10. Are current employees' salaries being paid when they serve as trainers?

Most project records indicated that a portion of the funds were utilized to pay for company trainers.

11. How is the state going to be able to recoup the dollars invested in 623 projects?

State investment amounts to 1.5% of foregone withholding taxes on the new payroll of the company. According to a report by the Iowa Development Commission these jobs will have a sufficient multiplier effect throughout the economy to result in a net surplus of collections.

12. Would any of the 623 jobs have been created without the program?

It appears that the 623 program may be an incentive for new business to relocate into the state. However, it is not as clear that expanding businesses would not have expanded without the program. In fact, one file indicated that the employer had planned the expansion because of improving financial conditions prior to contacting the 623 program.

13. Is the economic base of the community strengthened?

Over the life of the projects an estimate \$330,187,213 in additional payroll will flow through communities housing these projects.

14. Are most 623 project negotiations held in private and does this lead to a potential abuse of public trust or the open meetings law?

Several of the preliminary meetings may be held in private, particularly if the business is considering relocating from another state. However, it does not appear that these meetings

violate the open meetings law. The actual decision to issue and guarantee certificates takes place at a public meeting.

15. Estimate the cost to fully monitor the program, including a one year follow up of the 623 trainees.

It appears that the administrative funds provided to the area schools should be sufficient to provide necessary monitoring and follow up.

16. What proportion of total project cost is expended on job training?

Percentages ranged from 39% to 83.5% with the majority of projects being less than 50%.

Copies of reports are available upon request from the Legislative Fiscal Bureau, Capitol Complex, Des Moines, Iowa, 50319. (515) 281-6766.

ENROLLED BILLS

S.F.

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fluid, sealants, undercoatings, antifreeze and gasoline additives.

Sec. 2. This Act is retroactive to January 1, 1979.

SENATE FILE 106

AN ACT

TO PROVIDE A SPECIFIC EXEMPTION TO THE SALES AND USE TAX RELATIVE TO GROSS RECEIPTS FROM THE SALE OF AUTOMOTIVE FLUIDS AND PROVIDING RETROACTIVE EFFECT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 22. The gross receipts from the sale of automotive fluids to a retailer to be used either in providing a service which includes the installation or application of the fluids in or on a motor vehicle, which service is subject to section 422.43, subsection 11, or to be installed in or applied to a motor vehicle which the retailer intends to sell, which sale is subject to section 423.7. For purposes of this subsection, automotive fluids are all those which are refined, manufactured or otherwise processed and packaged for sale prior to their installation in or application to a motor vehicle. They include, but are not limited to motor oil and other lubricants, hydraulic fluids, brake fluid, transmission

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 106, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

S.F. 106

SENATE FILE 178

AN ACT

RELATING TO THE HANDLING AND PRESERVATION OF ASSESSMENT ROLLS AND ASSESSMENT INFORMATION. 4

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 441.26, unnumbered paragraph 4, Code 1985, is amended to read as follows:

Such The assessment rolls shall be used in listing the property and showing the values affixed to ~~such the~~ property of all persons, partnerships, corporations, or associations assessed, ~~which.~~ The rolls shall be made in duplicate. Said The duplicate roll shall be signed by the assessor, detached from the original and delivered to the person assessed if there has been an increase or decrease in the valuation of the ~~property, or upon the written request of the person assessed.~~ If there has been no change in the evaluation, the information on the roll may be printed on computer stock paper and preserved as required by this chapter. If the person assessed requests in writing a copy of the roll, the copy shall be provided to the person. It ~~shall be~~ is lawful to combine the affidavit or form of oath or affirmation with ~~reference as~~ to real and personal property, and the affidavit or form of oath or affirmation as to moneys and credits, into one affidavit or form of oath or affirmation, and only the one such affidavit or form of oath or affirmation shall ~~be~~ is sufficient on the assessment roll. The pages of the assessor's assessment book shall contain columns ruled and headed for the information required by this chapter and that which the director of revenue may ~~deem~~ deems essential in the equalization work of the director. The assessor shall return all assessment rolls and any schedules therewith to the county auditor, along with the completed assessment book, as provided in this chapter,

and the county auditor shall carefully keep and preserve ~~all~~ such the rolls, schedules and book for a period of five years from the time of its filing of-the-same in the county auditor's office.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 178, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

SC 178

the person is claiming the credit shall be considered as a claim filed for the following year.

SENATE FILE 557

AN ACT

RELATING TO THE FILING OF CLAIMS FOR THE HOMESTEAD CREDIT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 425.2, unnumbered paragraph 1, Code 1985, is amended to read as follows:

A person who wishes to qualify for the credit allowed under this chapter, shall obtain the appropriate forms for filing for the credit from the assessor. The person claiming the credit shall file a verified statement and designation of homestead with the assessor for the year for which the person is first claiming the credit. The claim shall be filed not later than July 1 of the year for which the person is claiming the credit. A claim filed after July 1 of the year for which

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 557, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

S.F. 557

SENATE FILE 2116

AN ACT

RELATING TO GRAIN DEALERS AND WAREHOUSES, BY PROVIDING LICENSING REQUIREMENTS, ESTABLISHING A GRAIN DEPOSITORS AND SELLERS INDEMNITY FUND, PROVIDING A PENALTY, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 542.1, subsection 3, Code Supplement 1985, is amended to read as follows:

3. "Grain dealer" means a person who buys during any calendar month five hundred bushels of grain or more from the producers of the grain for purposes of resale, milling, or processing. However, "grain dealer" does not include a producer of grain who is buying grain for the producer's own use as seed or feed; a person solely engaged in buying grain future contracts on the board of trade; a person who purchases grain only for sale in a registered feed; a person who purchases grain for sale in a nonregistered customer-formula feed regulated by chapter 198, who purchases less than a total of fifty thousand bushels of grain annually, and who is also exempt as an incidental warehouse operator under chapter 543; a person engaged in the business of selling agricultural seeds regulated by chapter 199; a person buying grain only as a farm manager; an executor, administrator, trustee, guardian, or

conservator of an estate; a bargaining agent as defined in section 542A.1; or a custom livestock feeder.

Sec. 2. Section 542.1, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 7. "Seller" means a person who sells grain which the person has produced or caused to be produced to a licensed grain dealer, and includes a person who executes a credit sale contract as a seller.

Sec. 3. Section 542.3, subsections 4, 5, and 7, Code Supplement 1985, is amended to read as follows:

4. In order to receive and retain a class 1 license the following conditions must be satisfied:

a. The grain dealer shall have and maintain a net worth of at least fifty thousand dollars. or maintain a deficiency bond or an irrevocable letter of credit in the amount of two thousand dollars for each one thousand dollars or fraction thereof of net worth deficiency. However, a person shall not be licensed as a class 1 grain dealer if the person has a net worth of less than twenty-five thousand dollars. ~~A-bend submitted-for-purposes-of-this-paragraph-shall-be-in-addition to-any-bond-otherwise-required-under-this-chapter.~~

b. The grain dealer shall submit, as required by the commission, a financial statement that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. However, the commission may accept a qualification in an opinion that is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited shall not be accepted by the commission. The grain dealer may elect, however, to submit a financial statement ~~satisfying the requirements of subsection 57-paragraph-"b,"~~ that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by the certified public accountant in lieu of the audited financial statement

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specified in this paragraph, and if a grain dealer makes this election the commission shall cause the grain dealer to be inspected not less than twice during each twelve-month period, but not more than five times in a twenty-four month period without good cause, in the manner provided in section 542.9. In addition, the commission shall cause a grain dealer who makes this election to submit to the commission, in a form and manner prescribed by the commission, an interim financial statement no less than once in every three calendar month period. If a grain dealer making the election engages in credit sale contracts, the grain dealer shall also comply with the provisions of section 542.15, subsection 3.

c. The grain dealer shall have and maintain current assets equal to at least ninety percent of current liabilities or provide a deficiency bond or an irrevocable letter of credit under the following conditions:

(1) A grain dealer with current assets equal to at least forty-five percent of current liabilities may provide a deficiency bond or an irrevocable letter of credit of two thousand dollars for each one thousand dollars or fraction of one thousand dollars of current assets that the grain dealer is lacking to meet the minimum requirement. However, the bond or irrevocable letter of credit shall not be used for longer than six consecutive months in a twelve-month period.

(2) A grain dealer with current assets equal to less than forty-five percent of current liabilities may provide a deficiency bond or an irrevocable letter of credit of two thousand dollars for each one thousand dollars or fraction of one thousand dollars of current assets that the grain dealer is lacking to meet the minimum requirement. However, the bond or irrevocable letter of credit shall not be used for longer than thirty consecutive days in a twelve-month period.

~~A bond submitted for purposes of this paragraph shall be in addition to any other bond permitted or required under this chapter.~~

5. In order to receive and retain a class 2 license the following conditions must be satisfied:

a. The grain dealer shall have and maintain a net worth of at least twenty-five thousand dollars, or maintain a deficiency bond or an irrevocable letter of credit in the amount of two thousand dollars for each one thousand dollars or fraction thereof of net deficiency. However, a person shall not be licensed as a class 2 grain dealer if the person has a net worth of less than ten thousand dollars. ~~A bond submitted for purposes of this paragraph shall be in addition to any bond otherwise required under this chapter.~~

b. The grain dealer shall submit, as required by the commission, a financial statement that is accompanied by ~~the report of~~ an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state ~~that is based upon a review performed by the certified public accountant.~~ However, the commission may accept a qualification in an opinion that is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited shall not be accepted by the commission. The grain dealer may elect, however, to submit a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by the certified public accountant in lieu of the audited financial statement specified in this paragraph, and if a grain dealer makes this election the commission shall cause the grain dealer to be inspected not less than twice during each twelve-month period, but not more than five times in a twenty-four month period without good cause, in the manner provided in section 542.9. In addition, the commission shall cause a grain dealer who makes this election to submit to the commission, in a form and manner prescribed by the commission, an interim financial statement no less than once in every three calendar month period. If a grain dealer

making the election engages in credit sale contracts, the grain dealer shall also comply with the provisions of section 542.15, subsection 8.

c. The grain dealer shall have and maintain current assets equal to at least ninety percent of current Liabilities or provide a deficiency bond or an irrevocable letter of credit under the following conditions:

(1) A grain dealer with current assets equal to at least forty-five percent of current liabilities may provide a deficiency bond or an irrevocable letter of credit of two thousand dollars for each one thousand dollars or fraction of one thousand dollars of current assets that the grain dealer is lacking to meet the minimum requirement. However, the bond or irrevocable letter of credit shall not be used for longer than six consecutive months in a twelve-month period.

(2) A grain dealer with current assets equal to less than forty-five percent of current liabilities may provide a deficiency bond or an irrevocable letter of credit of two thousand dollars for each one thousand dollars or fraction of one thousand dollars of current assets that the grain dealer is lacking to meet the minimum requirement. However, the bond or irrevocable letter of credit shall not be used for longer than thirty consecutive days in a twelve-month period.

~~A bond submitted for purposes of this paragraph shall be in addition to any other bond permitted or required under this chapter~~

7. a. When the net worth or current ratio of a licensee in good standing is less than that required by this section, the grain dealer shall correct the deficiency or file the ~~necessary additional~~ a deficiency bond or an irrevocable letter of credit within thirty days of written notice by the commission. Unless the deficiency is corrected or the ~~additional~~ deficiency bond or irrevocable letter of credit is filed within thirty days, the grain dealer license shall be suspended.

b. If the commission finds that the welfare of grain producers requires emergency action, and incorporates a finding to that effect in its order, immediate suspension of ~~the a~~ license may be ordered notwithstanding the thirty-day period otherwise allowed by paragraph "a" ~~of this subsection.~~

Sec. 4. Section 542.3, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 8. A deficiency bond or irrevocable letter of credit filed with the commission pursuant to this section shall not be canceled by the issuer on less than ninety days' notice by certified mail to the commissioner and the principal.

Sec. 5. Section 542.4, Code 1985, is amended by striking the section and inserting in lieu thereof the following:

542.4 PARTICIPATION IN INDEMNITY FUND REQUIRED.

A person licensed to operate as a grain dealer under this chapter shall participate in and comply with the grain depositors and sellers indemnity fund provided in chapter 543A.

Sec. 6. Section 542.9, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The commission may inspect the premises used by any grain dealer in the conduct of the dealer's business at any time, and the books, accounts, records, and papers of every grain dealer which pertain to grain purchases are subject to inspection by the commission during ordinary business hours. The commission shall cause the business premises and books, accounts, records, and papers of every grain dealer to be inspected not less than once during each twelve-month period, but not more than ~~three~~ **FOUR** times in a twenty-four month period without good cause. ~~However, if a class-b grain dealer elects to submit the unaudited financial statement under section 542.3, subsection 4, paragraph "b," the commission shall cause the grain dealer to be inspected not less than twice during each twelve-month period, but not more than five times in a twenty-four month period without good cause.~~ The

transporter of grain in transit shall possess bills of lading or other documents covering the grain, and shall present them to any law enforcement officer or to a person designated as an enforcement officer under section 542.13 on demand. If there is good cause to believe that a person is engaged without a license in the business of a grain dealer in this state, the commission may inspect the books, papers, and records of the person which pertain to grain purchases.

Sec. 7. Section 542.10, unnumbered paragraph 2, Code 1985, is amended to read as follows:

The commission may revoke a grain dealer's license upon information without hearing if a grain dealer fails ~~to have sufficient bond on file with the commission, or if a grain dealer fails~~ to submit to inspection.

Sec. 8. Section 542.12, Code 1985, is amended to read as follows:

542.12 CLAIMS -- NOTICE.

Upon revocation, termination, or cancellation of a grain dealer license, any claim for the purchase price of grain against the grain dealer shall be made in writing and filed with the grain dealer and with the ~~surety on the grain dealer bond~~ issuer of a deficiency bond or of an irrevocable letter of credit and with the commission within one hundred twenty days after revocation, termination, or cancellation. Failure to make this timely claim ~~shall relieve~~ relieves the surety issuer and the grain depositors and sellers indemnity fund provided in chapter 543A of all obligations to the claimant. ~~However, this section shall not be construed to reduce below the face amount of the bond then in effect the aggregate liability of the surety to other claimants.~~

Upon revocation of a grain dealer license, the commission shall cause notice of ~~such~~ the revocation to be published once each week for two consecutive weeks in a newspaper of general circulation within the state of Iowa and in a newspaper of general circulation within the county of the grain dealer's principal place of business when that dealer's principal place

of business is located in the state of Iowa. The notice shall state the name and address of the grain dealers and the effective date of revocation, ~~and the name and address of the surety on the grain dealer bond.~~ The notice shall also state that any claims against the grain dealer shall be made in writing and sent by ordinary mail or delivered personally within one hundred twenty days after revocation to the grain dealer, ~~and the safety en the grain dealer bond~~ to the issuer of a deficiency bond or of an irrevocable letter of credit, and to the commission, and the notice shall state that the failure to make a timely claim does not relieve the grain dealer from liability to the claimant.

Sec. 9. Section 542.15, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 8. A licensed grain dealer purchasing grain by credit sale contract and who does not submit a financial statement that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state shall at all times maintain grain, rights in grain, proceeds from the sale of grain, or a combination thereof totaling at least ninety percent of the dealer's obligation for grain purchased by credit sale contract. The required amount shall be evidenced or represented by one or more of the following:

- a. Grain actually held by the dealer in licensed storage facilities.
- b. Rights in grain evidenced or represented by one or more of the following:
 - (1) A warehouse receipt issued by a warehouse licensed under chapter 543 or under the United States Warehouse Act, or by other documentation acceptable as evidence of inventory under the United States Warehouse Act.
 - (2) Evidence of grain forwarded to another warehouse under provisions of 543.39.
- c. Sufficient proceeds from and of the grain evidenced or represented by one or more of the following:

(1) Cash on hand or cash held on account in federally or state chartered financial institutions.

(2) Short term investments held in time accounts with federally or state chartered financial institutions.

(3) Balances on grain margin accounts.

(4) Credit sales contracts for grain shipped to a processor, terminal, or recognized grain merchandising entity, less any payment or advance that has been received provided that the price term of the contract remains open.

(5) Other evidence or proceeds from or of grain acceptable to the commission, including an irrevocable letter of credit.

For the purpose of computing the dollar value of inventories and credit sale obligations, the value of grain shall be figured at the then current market.

A grain dealer shall keep records of credit sale obligations and evidence of grain, rights in grain and the proceeds from or of grain so as to clearly indicate compliance with the requirements of this subsection.

Sec. 10. Section 542.18, subsection 2, Code 1985, is amended to read as follows:

2. As a condition of the granting of a license under this section, the applicant shall file with the commission a bond payable to the state of Iowa with a corporate surety approved by the commission in a penal sum of twenty-five thousand dollars per license, conditioned that the grain seller owns or controls, free of liens, any grain offered for sale.

~~Cancellation-of-bonds~~ A bond issued by a surety under this section shall meet the requirements of section 542.18 ~~not be canceled by the surety before at least ninety days' notice by certified mail to the commission and the bonded grain seller.~~ The liability of a surety on any bond under this section shall not accumulate for each successive license period during which the bond is in force.

Sec. 11. Section 542.19, subsection 2, Code 1985, is amended to read as follows:

2. If a co-operative agreement is in effect under this section, the banding indemnification requirements of this chapter may be satisfied by:

a. Filing with the commission evidence of a bond or an irrevocable letter of credit on file with a state or of participation in an indemnity fund in a state with which Iowa has a co-operative agreement as provided for by this section.

b. Suck-band Indemnification proceeds shall be co-payable to the state of Iowa for the benefit of sellers of grain under this chapter ~~in Iowa~~.

~~c. The bond shall be in an amount at least equal to the amounts required by this chapter; provided, however, that any bond required under this chapter for any financial deficiency shall be in addition to the bond posted in any other state.~~

Any bond Indemnification proceeds required by this chapter may be made co-payable to any state with whom this state has entered into contracts or agreements as authorized by this section, for the benefit of sellers of grain in that state.

Sec. 12. Section 543.1, subsection 8, Code 1985, is amended to read as follows:

8. "Warehouse operator" means any a person engaged in the business of operating or controlling a warehouse for the storing, shipping, handling or processing of agricultural products, but does not include an incidental warehouse operator.

Sec. 13. Section 543.1, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 23. "Incidental warehouse operator" means a person regulated under chapter 198 whose grain storage capacity does not exceed twenty-five thousand bushels which is used exclusively for grain owned or grain which will be returned to the depositor for use in a feeding operation or as an ingredient in a customer-formula feed, as defined in section 198.1.

Sec. 14. Section 543.2, Code 1985, is amended to read as follows:

543.2 DUTIES AND POWERS OF THE COMMISSION.

The commission may exercise general supervision over the storage, warehousing, classifying according to grade or otherwise, weighing, and certification of agricultural products. The commission may inspect or cause to be inspected any warehouse. Inspections may be made at times and for purposes as the commission determines. The Except as provided in section 543.6, the commission shall cause every licensed warehouse and its contents to be inspected once in every twelve-month period~~7-provided-that-if-a-class-i-warehouse operator elects to submit the unaudited financial statement under section 543.67-subsection 47-paragraph "b," the commission shall cause the warehouse to be inspected twice in every twelve-month period.~~ The commission may require the filing of reports relating to a warehouse or its operation. If upon inspection a deficiency is found to exist as to the quantity or quality of agricultural products stored, as indicated on the warehouse operator's books and records according to official grain standards, the commission may require an employee of the commission to remain at the licensed warehouse and supervise all operations involving agricultural products stored there under this chapter until the deficiency is corrected. The charge for the cost of maintaining an employee of the commission at a warehouse to supervise the correction of a deficiency is one hundred fifty dollars per day.

PARAGRAPH DIVIDED. The commission may make available to the United States government, or any of its agencies, including the commodity credit corporation, the results of inspections made and inspection reports submitted to it by employees of the commission, upon payment to it of charges as determined by the commission, but the charges shall not be less than the actual cost of services rendered, as determined by the commission. The commission may enter into contracts and agreements for such purpose and shall keep a record of all money thus received. All such money shall be paid over to the treasurer of state as miscellaneous receipts. The commission

may classify any warehouse in accordance with its suitability for the storage of agricultural products and shall specify in any license issued for the operation of any a warehouse the only type or types and the quantity of agricultural products which may be ~~exclusively~~ stored in the warehouse. The commission may prescribe, within the limitations of this chapter, the duties of licensed warehouse operators with respect to the care of and responsibility for the contents of licensed warehouses. Grain grades shall be determined under the official grain standards. The commission may from time to time publish data in connection with the administration of this chapter as may be of public interest. The commission shall administer this chapter.

Sec. 15. Section 543.3, subsection 3, Code 1985, is amended to read as follows:

3. When a petition is filed by the commission under subsection 1 the clerk of court shall set a date for hearing on the commission's proposed plan of disposition at a time not less than ten nor more than fifteen days after the date the petition is filed. Copies of the petition, the notice of hearing, and the commission's plan of disposition shall be served upon the licensee and upon the ~~surety company issuing the licensee's issuer of a deficiency bond~~ or of an irrevocable letter of credit pursuant to section 543.6 in the manner required for service of an original notice. A delay in effecting service upon the licensee or ~~surety shall issuer is~~ not be cause for denying the appointment of a receiver and ~~shall is~~ not be grounds for invalidating any action or proceeding in connection therewith with the appointment.

Sec. 16. Section 543.4, subsections 1, 2, 4, 6, and 7, Code 1985, are amended to read as follows:

1. When the commission is appointed as receiver under this chapter the ~~surety-en-the~~ issuer of a deficiency bond ~~or of the licensee~~ an irrevocable letter of credit pursuant to section 543.6 shall be joined as a party defendant by the commission. If required by the court, the surety issuer shall

pay the bond indemnification proceeds or so much thereof as the court finds necessary into the court, and when so paid the surety issuer shall be absolutely discharged from any further liability under the bond or irrevocable letter of credit to the extent of the payment.

2. When appointed as receiver under this chapter the commission is authorized to give notice in the manner specified by the court to persons holding warehouse receipts or other evidence of deposit issued by the licensee to file their claims within one hundred twenty days after the date of appointment. Failure to timely file a claim shall defeat the claim with respect to the surety-bond issuer of a deficiency bond or of an irrevocable letter of credit, grain depositors and sellers indemnity fund created in chapter 543A, and any commodities or proceeds from the sale of commodities, except to the extent of any excess commodities or proceeds of sale remaining after all timely claims are paid in full.

4. The plan of disposition, as approved by the court, shall provide for the distribution of the stored commodities, or the proceeds from the sale of commodities, or the proceeds from any insurance policy, or surety deficiency bond, or any combination thereof or irrevocable letter of credit, less expenses incurred by the commission in connection with the receivership, plus the proceeds from the grain depositors and sellers indemnity fund in an amount determined pursuant to section 543A.3 to depositors an-a-pto-rata-basis as their interests are determined. Distribution shall be without regard to any setoff, counterclaim, or storage lien or charge.

6. The commission ~~shall be~~ is entitled to reimbursement out of commodities or proceeds held in receivership for all expenses incurred as court costs or in handling and disposing of stored commodities, and for all other costs directly attributable to the receivership. The right of reimbursement of the commission ~~shall be~~ is prior to any claims against the commodities or proceeds of sales ~~thereof~~ of commodities, and ~~shall constitute~~ constitutes a claim against the surety a

deficiency bond of-the-licensee or irrevocable letter of credit.

7. ~~fn-the-event~~ If the approved plan of disposition requires ~~the sale of commodities, or the~~ a distribution of ~~cash~~ proceeds ~~from the surety bond or both~~, the commission shall submit to the court a proposed plan of distribution of those proceeds. Upon such notice and hearing as ~~may be~~ required by the court, the court shall accept or modify the proposed plan. When the plan is approved by the court and executed by the commission, the commission shall be discharged and the receivership terminated.

Sec. 17. Section 543.5, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The commission shall ~~from-time-to-time-make-such~~ adopt rules as it may deem deems necessary for the efficient administration of ~~the provisions of~~ this chapter, and may at ~~its discretion~~ designate an employee or officer of the commission to act for the commission in any details connected with such administration, including the issuance of licenses and approval of warehouse deficiency bonds or irrevocable letters of credit in the name of the commission, but not including matters requiring a public hearing or suspension or revocation of licenses.

Sec. 18. Section 543.6, subsections 4 and 5, Code 1985, ~~are~~ amended to read as follows:

4. In order to receive and retain a class 1 license, the following conditions must be satisfied:

a. The warehouse operator shall have and maintain a net worth of at least fifty-thousand-dollars twenty cents per bushel of warehouse capacity, or maintain a deficiency bond or an irrevocable letter of credit in the amount of two thousand dollars for each one thousand dollars or fraction thereof of net worth deficiency. However, a person shall not be licensed as a class 1 warehouse operator if the person has a net worth of less than twenty-five thousand dollars. A-bond-submitted for-purposes-of-this-paragraph-shall-be-in-addition-to-any bond-otherwise-required-under-this-chapter.

b. The warehouse operator shall submit, as required by the commission, a financial statement that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. However, the commission may accept a qualification in an opinion that is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited shall not be accepted by the commission. The warehouse operator may elect, however, to submit a financial statement ~~satisfying the requirements of subsection 57, paragraph "b,"~~ that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by the certified public accountant in lieu of the audited financial statement specified in this paragraph, and if a warehouse operator makes this election the commission shall cause the warehouse operator to be inspected not less than twice during each twelve-month period, but not more than five times in a twenty-four month period without good cause, in the manner provided in section 543.2. In addition, the commission shall cause a warehouse operator who makes this election to submit to the commission, in a form and manner prescribed by the commission, an interim financial statement no less than once in every three calendar month period.

5. In order to receive and maintain a class 2 license, the following conditions must be satisfied:

a. The warehouse operator shall have and maintain a net worth of at least ~~twenty-five thousand dollars~~ twenty cents per bushel of warehouse capacity, or maintain a deficiency bond or an irrevocable letter of credit in the amount of two thousand dollars for each one thousand dollars or fraction thereof of net worth deficiency. However, a person shall not be licensed as a class 2 warehouse operator if the person has a net worth of less than ten thousand dollars. ~~A bond submitted for purposes of this paragraph shall be in addition to any bond otherwise required under this chapter.~~

b. The warehouse operator shall submit, as required by the commission, a financial statement that is accompanied by ~~the report of an unqualified opinion based upon an audit performed by~~ a certified public accountant licensed in this state that is based upon a review performed by the certified public accountant. ~~However, the commission may accept a qualification in an opinion that is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited shall not be accepted by the commission. The warehouse operator may elect, however, to submit a financial statement that is accompanied by the report of a certified public accountant licensed in this state that is based upon a review performed by the certified public accountant in lieu of the audited financial statement specified in this paragraph, and if a warehouse operator makes this election the commission shall cause the warehouse to be inspected not less than twice during each twelve-month period, but not more than five times in a twenty-four month period without good cause, in the manner provided in section 543.2. In addition, the commission shall cause a warehouse operator who makes this election to submit to the commission, in a form and manner prescribed by the commission, an interim financial statement no less than once in every three calendar month period.~~

Sec. 19. Section 543.6, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 8. A deficiency bond or irrevocable letter of credit filed with the commission pursuant to this section shall not be canceled by the issuer on less than one hundred twenty days' notice by certified mail to the commission and the principal.

Sec. 20. Section 543.11, unnumbered paragraph 1, Code 1985, is amended to read as follows:

1. When the commission determines that ~~a bond filed under this chapter and approved by the commission, is, or has~~

~~become insufficient to secure the faithful performance of the obligations of the licensed warehouse operator, or when the commission determines that~~ insurance is not fully provided as required under section 543.15, it may require the licensed warehouse operator to provide additional ~~bond or additional~~ evidence of insurance coverage so that the ~~bond and~~ insurance ~~conform~~ conforms with the requirements of this chapter. If additional insurance is not provided within five thirty days after receipt by the licensee of notice by certified mail, the license of the warehouse operator concerned shall be automatically suspended. If additional insurance is not filed within another ten days, the warehouse license shall be ~~automatically~~ revoked. ~~if additional bond is not provided within thirty days after receiving notice, the warehouse license shall be suspended. If additional bond is not filed within ten days following suspension, the warehouse license shall be automatically revoked.~~ When a license is ~~so~~ revoked, the commission shall notify each holder of an outstanding warehouse receipt and all known persons who have grain retained in open storage of the revocation. The commission shall further notify each receipt holder and all known persons who have grain retained in open storage that the grain must be removed from the warehouse not later than the thirtieth day following the revocation. The notice shall be sent by ordinary mail sent to the last known address of each person having grain in storage as provided in this ~~section~~ subsection.

Sec. 21. Section 543.11, unnumbered paragraph 2, Code 1985, is amended by striking the paragraph and inserting in lieu thereof the following:

2. If the commission determines that the net worth of a licensed warehouse operator is not in compliance with the requirements of section 543.6, the commission shall issue a notice to the warehouse operator and shall suspend the warehouse operator's license if the warehouse operator does ~~not~~ provide evidence of compliance within thirty days of the

issuance of the notice. The commission shall inspect the warehouse at the end of the thirty-day period. If evidence of compliance is not provided within sixty days of the issuance of the notice, the commission shall revoke the warehouse operator's license, and shall again inspect the warehouse. If a license is revoked, the commission shall give notice of the revocation to each holder of an outstanding warehouse receipt and to all known persons who have grain retained in open storage. The revocation notice shall state that the grain must be removed from the warehouse not later than the thirtieth day after the issuance of the revocation notice. The revocation notice shall be sent by ordinary mail to the last known address of each person having grain in storage as provided in this subsection. The commission shall conduct a final inspection of the warehouse at the end of the thirty-day period following the issuance of the revocation notice.

3. When the commission receives notice that a deficiency bond or irrevocable letter of credit is being canceled by the issuer, and determines that upon the cancellation the warehouse operation will not be in compliance with section 543.6, the commission shall suspend the warehouse operator's license if a new deficiency bond or irrevocable letter of credit is not received by the commission within sixty days of receipt by the commission of the notice of cancellation. If a new deficiency bond or irrevocable letter of credit is not received by the commission within thirty days following suspension, the warehouse operator's license shall be revoked. When a license is revoked, the commission shall notify each holder of an outstanding warehouse receipt and all known persons who have grain retained in open storage of the revocation, and shall further notify each receipt holder and all known persons who have grain retained in open storage that the grain must be removed from the warehouse not later than the thirtieth day following revocation. The notice shall be sent by ordinary mail to the last known address of each person having grain in storage as provided in this subsection.

Sec. 22. Section 543.12, Code 1985, is amended by striking the section and inserting in lieu thereof the following:

543.12 PARTICIPATION IN FUND REQUIRED.

A person licensed to operate a warehouse under this chapter shall participate in and comply with the grain depositors and sellers indemnity fund provided in chapter 543A.

Sec. 23. Section 543.13, unnumbered paragraph 1, Code 1985, is amended by striking the paragraph.

Sec. 24. Section 543.13, subsections 1 and 3, Code 1985, are amended by striking the subsections and inserting in lieu thereof the following:

1. A warehouse operator who stores only agricultural products other than bulk grain shall have and maintain a net worth of at least ten percent of the value of the warehouse capacity, or maintain a deficiency bond or an irrevocable letter of credit in the amount of two thousand dollars for each one thousand dollars or fraction thereof of net worth deficiency. However, a person shall not be eligible for a license to store only agricultural products other than bulk grain if the person has a net worth of less than ten thousand dollars.

3. A bond, deficiency bond, or irrevocable letter of credit on agricultural products other than bulk grain shall not be canceled by the issuer on less than one hundred twenty days' notice by certified mail to the commission and the principal. When the commission receives notice from an issuer that it has canceled the bond, deficiency bond, or irrevocable letter of credit on agricultural products other than bulk grain of a warehouse operator, the commission shall automatically suspend the warehouse operator's authorization to store or accept for storage agricultural products other than bulk grain if a new bond, deficiency bond, or irrevocable letter of credit is not received by the commission within sixty days of the issuance of the notice of cancellation. The commission shall conduct an inspection of the licensee's warehouse immediately at the end of the sixty-day period. If

a new bond, deficiency bond, or irrevocable letter of credit is not provided within ninety days of the issuance of the notice of cancellation, the commission shall revoke the warehouse operator's authorization to store or accept for storage agricultural products other than bulk grain. The commission shall conduct a further inspection of the licensee's warehouse after the ninety-day period. When an authorization to store or accept for storage agricultural products other than bulk grain is revoked, the commission shall give notice of the revocation to all known persons who have agricultural products other than bulk grain in storage, and shall notify them that the agricultural products other than bulk grain must be removed from the warehouse not later than one hundred twenty days after the issuance of the notice of cancellation. The revocation notice shall be sent by ordinary mail to the last known address of each person having agricultural products other than bulk grain in storage. The commission shall cause a final inspection of the licensee's warehouse after the end of the one hundred twenty-day period.

Sec. 25. Section 543.14, Code 1985, is amended to read as follows:

543.14 ~~ACTION-ON-BOND~~ NOTICE -- CLAIM.

Any A person injured by the breach of any an obligation of a warehouse operator, for the performance of which a bond on agricultural products other than bulk grain, a deficiency bond, or an irrevocable letter of credit has been given under any of the provisions of this chapter, may sue on such the bond on agricultural products other than bulk grain, deficiency bond, or irrevocable letter of credit in the person's own name in any a court of competent jurisdiction to recover any damages the person may-have has sustained by reason of such the breach.

Upon revocation, termination₁ or cancellation of a warehouse license, any a claim against the warehouse operator arising under this chapter shall be made in writing with the warehouse operator, and with the surety-on-the-warehouse

~~issuer of a bond on agricultural products other than bulk grain, a deficiency bond, or of an irrevocable letter of credit, and, if the claim relates to bulk grain, with the commission within one hundred twenty days after revocation, termination, or cancellation. Failure to make a timely claim shall relieve~~ relieves the surety issuer and, if the claim relates to bulk grain, the grain depositors and sellers indemnity fund provided in chapter 543A of all obligations to the claimant; however, this section shall not be construed to reduce the aggregate liability of the surety to other claimants below the face amount of the bond then in effect.

Upon revocation of a warehouse license, the commission shall ~~cause~~ notice of such the revocation to be published once each week for two consecutive weeks in a newspaper of general circulation in each of the counties in which the licensee maintains a business location and in a newspaper of general circulation within the state. The notice shall state the name and address of the warehouse operator, and the effective date of revocation, ~~and the name and address of the surety on the warehouse bond.~~ The notice shall also state that any claims against the warehouse operator shall be made in writing and sent by ordinary mail to the warehouse operator, and to the surety on the warehouse bond issuer of a bond on agricultural products other than bulk grain, deficiency bond, or of an irrevocable letter of credit, and to the commission within one hundred twenty days after revocation, and the notice shall state that the failure to make a timely claim does not relieve the warehouse operator from liability to the claimant. ~~The provisions of this~~ This paragraph shall does not apply if a receiver is appointed as provided in this chapter pursuant to a petition which is filed by the commission prior to the expiration of one hundred twenty days after revocation, termination, or cancellation of the license.

Sec. 26. Section 543.15, unnumbered paragraph 1, Code 1985, is amended to read as follows:

All agricultural products in storage in a licensed ~~warehouse, or a warehouse operated under temporary permit as provided in this chapter~~ and all agricultural products which have been deposited temporarily in a licensed warehouse pending storage or for purposes other than storage, shall be kept fully insured by the warehouse operator for the current value of such the agricultural products against loss by fire, inherent explosion, or windstorm. Such The insurance shall be carried in an insurance company or companies authorized to do business in this state, and evidence of ~~such~~ insurance coverage in a form to be approved by the commission shall be filed with the commission. No insurance policy shall be canceled by the insurance company on less than fifteen sixty days' notice by certified mail to the commission and the principal unless such the policy is being replaced with another policy and evidence of the new policy is filed with the commission at the time of cancellation of the policy on file. Such The insurance shall be provided by, and carried in the name of, the warehouse operator. Claimants against such the insurance ~~shall~~ have precedence in the following order:

Sec. 27. Section 543.17, subsection 4, Code 1985, is amended to read as follows:

4. All bulk grain whether open storage or having been placed on warehouse receipt ~~shall be is~~ covered by the ~~warehouse operator's bond as required under the provisions of this chapter~~ grain depositors and sellers indemnity fund created in chapter 543A.

Sec. 28. Section 543.18, subsection 3, Code 1985, is amended to read as follows:

3. A statement that the receipt is issued subject to the Iowa bonded warehouse Act and the rules and regulations prescribed thereunder pursuant to the Act.

Sec. 29. Section 543.34, Code 1985, is amended to read as follows:

543.34 ~~USE-OF-TERM-"BONDED-WAREHOUSE"~~ DISPLAY OF LICENSE.

~~Upon the filing, with the approval by the commission, of a bond in compliance with this chapter for the conduct of a warehouse, such warehouse may be designated as "bonded" but no warehouse shall be designated as "bonded" and no name or description conveying the impression that it is so bonded, shall be used, unless a bond, as provided for in section 543.13, has been approved by the commission and is uncanceled and on file with the commission, nor unless the license issued under this chapter for the conduct of such warehouse remains in effect.~~ Every warehouse operator's license issued under the provisions of this chapter shall be conspicuously displayed in the office of the warehouse for the operation of which the license has been issued.

Sec. 30. Section 543.39, subsection 2, Code 1985, is amended to read as follows:

2. ~~At-sack-time-as~~ When the warehouse operator may begin to use the additional facilities described in this section, the operator must ~~furnish additional bond acceptable to the commission~~ have sufficient net worth under 543.6 or provide a deficiency bond or an irrevocable letter of credit to cover the increase in the operator's gross capacity.

Sec. 31. NEW SECTION. 543A.1 DEFINITIONS.

1. "Board" means the Iowa grain indemnity fund board created in section 543A.4.
2. "Commission" means the Iowa state commerce commission.
3. "Depositor" means a person who deposits grain in a warehouse for storage, handling, or shipment, or who is the owner or legal holder of an outstanding warehouse receipt, or who is lawfully entitled to possession of the grain.
4. "Fund" means the grain depositors and sellers indemnification fund created in section 543A.3.
5. "Grain" means wheat, corn, oats, barley, rye, flaxseed, field peas, soybeans, grain sorghums, spelt, and similar agricultural products, as defined in the Grain Standards Act, but does not include agricultural products other than bulk grain.

SA. "Grain bank" means grain which is deposited in a warehouse until removed for the personal use of the depositor.

SB. "Grain sold" means grain which crosses the scales of a grain dealer or warehouse operator other than for grain bank storage, and other grain purchased by a grain dealer. "Grain sold" includes the pledge or other encumbrance of grain as security for a loan extended under a federal price support loan program. The date of sale of grain which is security for a loan extended under a federal price support loan program is the date the grain is delivered to the warehouse operator. The purchase price of the grain is the principal amount of the loan extended and the purchase invoice for the grain is the documentation required for extension of the loan.

6. "Licensed grain dealer" means a person who has obtained a license to engage in the business of a grain dealer pursuant to section 542.3.

7. "Licensed warehouse operator" means the same as in section 543.1.

7A. "Loss" means the amount of a claim held by a seller or depositor against a grain dealer or warehouse operator which has not been recovered through other legal and equitable remedies including the liquidation of assets.

8. "Seller" means a person who sells grain which the person has produced or caused to be produced to a licensed grain dealer, and includes a person who executes a credit sale contract as a seller.

Sec. 32. NEW SECTION. 543A.2 PERSONS PARTICIPATING IN FUND.

All licensed grain dealers and licensed warehouse operators shall participate in the fund. In addition, a grain warehouse licensed under the United States Warehouse Act, 7 U.S.C. 241, may participate in the fund and be subject to this chapter if a cooperative agreement exists both between the federal agency and the commission and between the federal licensee and the commission. The agreement between the commission and the federal licensee shall be ratified each year the federal

licensee elects to participate in the fund. A participating federally licensed grain warehouse shall meet the minimum net worth requirements of section 543.6.

Sec. 33. NEW SECTION. 543A.3 GRAIN DEPOSITORS AND SELLERS INDEMNITY FUND,

1. The grain depositors and sellers indemnity fund is created in the state treasury. The general fund of the state is not liable for claims presented against the grain depositors and sellers indemnity fund under section 543A.6. The fund consists of a per-bushel fee on grain sold remitted by licensed grain dealers, licensed warehouse operators, and participating federally licensed grain warehouses; an annual fee charged to and remitted by licensed grain dealers, licensed warehouse operators, and participating federally licensed grain warehouses; sums collected by the commission by legal action on behalf of the fund; and interest, property, or securities acquired through the use of moneys in the fund. The moneys collected under this section and deposited in the fund shall be used exclusively to indemnify depositors and sellers as provided in section 543A.6 and to pay the administrative costs of this chapter.

2. The grain dealer, warehouse operator, or participating federally licensed warehouse shall forward the per-bushel fee to the commission in the manner and using the forms prescribed by the commission. If the per-bushel fee has not been forwarded to the commission by the date required by the commission, the grain dealer, warehouse operator, or participating federally licensed warehouse is subject to an interest penalty for each day the grain dealer, warehouse operator, or participating federally licensed warehouse fails to forward the fee. Interest shall be simple interest, and shall be the maximum lawful rate of interest for the month the payment was due. If the per-bushel fee has not been forwarded to the commission within thirty days after the payment was due, the grain dealer's or warehouse operator's license or the participating warehouse operator's cooperative agreement shall

be suspended. The per-bushel fee shall be collected only once on each bushel of grain.

3. a. All licensed grain dealers, licensed warehouse operators, and participating federally licensed grain warehouses shall annually remit a fee to be deposited into the fund which is determined as follows:

- (1) For class 1 grain dealers, five hundred dollars.
- (2) For class 2 grain dealers, two hundred fifty dollars.

(3) For warehouse operators or participating federally licensed grain warehouses:

(a) For intended storage of bulk grain in any quantity less than twenty thousand bushels, forty-two dollars plus seven dollars for each two thousand bushels or fraction thereof in excess of twelve thousand bushels.

(b) For intended storage of bulk grain in any quantity not less than twenty thousand bushels and not more than fifty thousand bushels, seventy dollars plus four and a half dollars for each three thousand bushels or fraction thereof in excess of twenty thousand bushels.

(c) For intended storage of bulk grain in any quantity not less than fifty thousand bushels and not more than seventy thousand bushels, one hundred fifteen dollars plus four and a half dollars for each four thousand bushels or fraction thereof in excess of fifty thousand bushels.

(d) For intended storage of bulk grain in any quantity not less than seventy thousand bushels, one hundred thirty-seven and a half dollars plus two and three-quarters dollars for each five thousand bushels or fraction thereof in excess of seventy thousand bushels.

b. Payment of the required amount shall be made before the grain dealer's or warehouse operator's license is renewed, or before the participating federal licensee's agreement with the commission is ratified.

4. A person who applies for a grain dealer's or warehouse operator's license or a federal licensee who elects to participate in the fund who has not previously paid the full

fee required by subsection 3, shall pay that amount before the license is issued or the agreement is ratified.

5. All disbursements from the fund shall be paid by the treasurer of state pursuant to vouchers authorized by the commission.

6. The administrative costs of this chapter shall be paid from the fund after approval of the costs by the board.

Sec. 34. NEW SECTION. 543A.4 INDEMNITY FUND BOARD.

The Iowa grain indemnity fund board is established to advise the commission on matters relating to the fund and to perform the duties provided it in this chapter. The board is composed of the secretary of the department of agriculture or a designee who shall serve as president; the director of the department of insurance or a designee who shall serve as secretary; the state treasurer or a designee who shall serve as treasurer; and two representatives of the grain industry appointed by the governor, subject to confirmation by the senate, one of whom shall be a representative of grain depositors and sellers and one of whom shall be a representative of grain dealers and warehouse operators, each of whom shall be selected from a list of three nominations made by the secretary of agriculture. The term of membership of the grain industry representatives is three years, and the representatives are eligible for reappointment. The grain industry representatives are entitled to forty dollars per diem for each day spent in the performance of the duties of the board, plus actual expenses incurred in the performance of those duties. Three members of the board constitute a quorum, and the affirmative vote of three members is necessary for any action taken by the board, except that a lesser number may adjourn a meeting. A vacancy in the membership of the board does not impair the rights of a quorum to exercise all the rights and perform all the duties of the board.

Sec. 35. NEW SECTION. 543A.5 ADJUSTMENTS TO FEE.

1. The board shall review annually the debits of and credits to the grain depositors and sellers indemnity fund

created in section 543A.3 and shall make any adjustments in the per-bushel fee required under section 543A.3, subsection 2, and the dealer-warehouse fee required under section 543A.3, subsection 3 that are necessary to maintain the fund within the limits established under this section. Not later than the first day of May of each year, the board shall determine the proposed amount of the per-bushel fee based on the expected volume of grain on which the fee is to be collected and that is likely to be handled under this chapter. The per-bushel fee and the dealer-warehouse fee shall be adjusted on a pro rata basis. The board shall make any changes in the previous year's fees in accordance with chapter 17A. Changes in the fees shall become effective on the following first day of July. The per-bushel fee shall not exceed one-quarter cent per bushel on all grains on which the fee is to be paid. Until the per-bushel fee is adjusted or waived as provided in this section, the per-bushel fee is one-quarter cent on all other grains on which the fee is paid.

2. If, at the end of any fiscal year, the assets of the fund exceed six million dollars, less any encumbered balances or pending or unsettled claims, the per-bushel fee required under section 543A.3, subsection 2, and the dealer-warehouse fee required under section 543A.3, subsection 3, shall be waived until the board reinstates the fees on a pro rata basis. The board shall reinstate the fee if the assets of the fund, less any unencumbered balances or pending or unsettled claims, are three million dollars or less.

Sec. 36. NEW SECTION. 543A.6 CLAIMS AGAINST FUND.

1. When a depositor or seller has made a demand for settlement of an obligation concerning grain on which a fee was required to be remitted under section 543A.3 and the licensed grain dealer or licensed warehouse operator has failed to honor the demand, the depositor or seller, after providing the commission with evidence of the demand and the dishonoring of the demand, may file a claim with the commission for indemnification of damages from the grain

depositor s and seller s indemnity fund to be measured as follows:

a. The board shall establish the dollar value of the loss incurred by a depositor holding a warehouse receipt or a scale weight ticket for grain that the depositor delivered to the licensed warehouse operator, and by a seller who has delivered grain sold on a credit-sale contract to a licensed grain dealer. The value shall be based on the average fair market price being paid to producers by the three licensed grain dealers nearest the warehouse operator or grain dealer for the grain on the earlier of the date of license suspension or the date on which the commission received notice that the receipt, scale weight ticket, or credit-sale contract was dishonored by the licensed warehouse operator or licensed grain dealer. All depositors filing claims under this section shall be bound by the value determined by the board.

b. The dollar value of the loss incurred by a seller who has sold grain or delivered grain for sale or exchange and who is a creditor of the licensed grain dealer for all or part of the value of the grain shall be based on the amount stated on the obligation on the date of the sale.

2. The grain depositors and sellers indemnity fund is liable to a depositor or seller for a claim which arises on or after the effective date of this Act for ninety percent of the loss, as determined under subsection 1, but not more than one hundred fifty thousand dollars per claimant. The aggregate amount recovered by a depositor or seller under all remedies shall not exceed ninety percent of the value of the loss. If the moneys recovered by a depositor or seller under all remedies exceed ninety percent of the value of the loss, the depositor or seller shall reimburse the fund in the amount that exceeds ninety percent of the value of the loss.

3. The board shall determine the validity of all claims presented against the fund. A claim filed under this section for losses on grain other than grain stored in a warehouse operated by a licensed warehouse operator is not valid unless

the seller has made a demand for settlement of the obligation within twelve months after the grain is priced or delivered for sale, whichever occurs later except that if the notice provided in section 542.12 has been given, the seller must make the demand for settlement of the obligation within the one hundred twenty-day period. A depositor or seller whose claim has been refused by the board may appeal the refusal to either the district court of Polk county or the district court of the county in which the depositor or seller resides. The commission shall provide for payment from the fund to a depositor or seller whose claim has been found to be valid.

4. If at any time the fund does not contain sufficient assets to pay valid claims, the commission shall hold those claims for payment until the fund again contains sufficient assets. Claims against the fund shall be paid in the order in which they are found to be valid. However, no claims shall be paid before the fund initially reaches one million dollars.

5. If a depositor or seller files an action for legal or equitable remedies in a state or federal court having jurisdiction in those matters that includes a claim against grain upon which the depositor or seller may file a claim against the fund at a later date, the depositor or seller shall also file with the commission a copy of the action filed with the court. In the event of payment of a loss under this section, the commission shall be subrogated to the extent of the amount of any payments to all rights, powers, privileges, and remedies of the depositor or seller against any person regarding the loss. The depositor or seller shall render all necessary assistance to aid the commission in securing the rights granted in this section. No action or claim initiated by a depositor or seller and pending at the time of payment from the fund shall be compromised or settled without the consent of the commission.

Sec. 37. NEW SECTION. 543A.7 NO OBLIGATION OF STATE.

This chapter does not imply any guarantee or obligation on the part of the state of Iowa, or any of its agencies,

employees, or officials, either elective or appointive, in respect of any agreement or undertaking to which this chapter relates.

Sec. 38. Licensed grain dealers and licensed warehouse operators shall maintain a bond in an amount as required by the law in effect on January 1, 1986, or an irrevocable letter of credit in the amount of the bond, until the grain dealer or warehouse operator has qualified **for** a license under the license requirements specified in this Act. The license of a grain dealer or warehouse operator who has received notice of the cancellation of the required bond shall not be revoked if prior to revocation, the licensee satisfies the license requirements of this Act or, if the licensee is in compliance with the license requirements in effect on January 1, 1986, the licensee provides an irrevocable letter of credit in the amount of the bond to the commission. However, all licensed grain dealers and licensed warehouse operators shall satisfy the license requirements of this Act on or by September 30, 1986. Failure to meet the requirements by that date shall result in the revocation or nonrenewal of their license.

Sec. 39. Notwithstanding the provisions of section 543A.5, the indemnity fund is liable for claims which arise on or after the effective date of this Act but before October 1, 1986 only if the claim is against a licensed grain dealer or licensed warehouse operation who has complied with section 30 of this Act by maintaining the bond or irrevocable letter of credit, by qualifying for a license under the requirements imposed by this Act, or by providing the irrevocable letter of credit and meeting the January 1, 1986 license requirements. For claims arising on or after October 1, 1986, the indemnity fund is liable for claims against grain dealers or warehouse operators who have satisfied the licensing requirements of this Act or against a participating federally licensed grain warehouse who has satisfied **543A.2**.

Sec. 40. This Act, being deemed of immediate importance, takes effect from and after its publication in the

Marshalltown Times-Republican, a newspaper published in Marshalltown, Iowa, and in The Belle Plaine Union, a newspaper published in Belle Plaine, Iowa.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File **2116**, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

SENATE FILE 2277

The Cedar Rapids Gazette, a newspaper published in Cedar Rapids, Iowa.

AN ACT

TO CLARIFY THE INTENDED EFFECTIVE DATE OF PORTIONS OF CHAPTER 233, 1985 IOWA ACTS, RELATING TO THE IMPOSITION OF A TAX ON PAYMENTS RECEIVED BY A NONPROFIT HEALTH SERVICE CORPORATION FOR SUBSCRIBER CONTRACTS AND PROVIDING AN EFFECTIVE DATE.

ROBERT T. ANDERSON
President of the Senate

3E IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DONALD D. AVENSON
Speaker of the House

Section 1. The tax imposed by 1985 Iowa Acts, chapter 239, section 1, shall be applied to applicable subscriber contract payments received during the calendar year January 1, 1985, through December 31, 1985, and all subsequent years.

I hereby certify that this bill originated in the Senate and is known as Senate File 2277, Seventy-first General Assembly.

Sec. 2. The amendment to section 514.15 enacted in 1985 Iowa Acts, chapter 239, section 3, shall be effective to repeal the subscriber contract tax formerly provided by that section effective for subscriber contracts issued on and after January 1, 1985.

K. MARIE THAYER
Secretary of the Senate

Sec. 3. This Act shall be given such retroactive effect as may be necessary to effectuate a subscriber contract payment tax as provided under section 432.2 for the full calendar year 1985 and all subsequent years as well as to effectuate the repeal of the subscriber contract tax otherwise imposed by section 514.15 for calendar year 1985 and all subsequent years.

Approved _____, 1986

Sec. 4. It is the intent of the general assembly in enacting this Act to clarify the effective date of chapter 239, sections 1 and 3, 1985 Iowa Acts rather than to change the meaning or the effective date of those sections.

TERRY E. BRANSTAD
Governor

Sec. 5. This Act, being deemed of immediate importance, takes effect from and after its publication in The Nevada Evening Journal, a newspaper published in Nevada, Iowa, and in

S.F. 2277

or as materials or parts of such ship, barge, or waterborne vessel.

SENATE FILE 2284

AN ACT

EXEMPTING TRAILERS AND SEMITRAILERS REGISTERED UNDER CHAPTER 326 AND SHIPS, BARGES, AND WATERBORNE VESSELS USED PRIMARILY FOR TRANSPORTING PROPERTY OR CARGO FOR HIRE FROM THE STATE USE TAX.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 423.4, subsection 10, Code Supplement 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For purposes of this subsection, trailers and semitrailers registered under chapter 326 are deemed to be used substantially in interstate commerce and to be registered for a gross weight of thirteen tons or more.

Sec. 2. Section 423.4, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 13. Tangible personal property used or to be used as a ship, barge, or waterborne vessel which is used or to be used primarily in or for the transportation of property or cargo for hire on the rivers bordering the state

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2284, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

SENATE FILE 2294

AN ACT

RELATING TO THE STATE INDIVIDUAL AND CORPORATE INCOME TAX BY LIMITING, MODIFYING, ELIMINATING, AND CHANGING CERTAIN DEDUCTIONS AND CREDITS IN COMPUTING THE TAX LIABILITY, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 56.18, subsection 1, Code Supplement 1985, is amended to read as follows:

1. A person whose state income tax liability for any taxable year is one dollar and fifty cents or more may direct that one dollar and fifty cents of such that liability be paid over to the Iowa election campaign fund when submitting the person's state income tax return to the department of revenue. In the case of a joint return of husband and wife having a state income tax liability of three dollars or more, each spouse may direct that one dollar and fifty cents be paid to the fund. The director of revenue shall draft the income tax form to provide spaces on the tax return which the taxpayer may use to designate that contributions made under this section be credited to a specified political party as defined by section 43.2, or to the Iowa election campaign fund as a contribution to be shared by all such political parties in the manner prescribed by section 56.19. The form shall inform the taxpayer of the consequences of the choices provided under this section, but this information may be contained in a footnote or other suitable form if the director of revenue finds it is not feasible to place the information immediately above the signature line. The action taken by a person for the checkoff is irrevocable.

Sec. 2. Section 56.18, subsections 2 and 3 and unnumbered paragraphs 1 and 2, Code Supplement 1985, are amended by striking the subsections and unnumbered paragraphs.

Sec. 3. Section 422.5, subsection 1, paragraph o, subparagraph (1), Code Supplement 1985, is amended to read as follows:

(1) Add items of tax preference included in federal alternative minimum taxable income under section 57, except subsections (a)(8) and (a)(11), of the Internal Revenue Code of 1954. In the case of an estate or trust, the items of tax preference shall be apportioned between the estate or trust and the beneficiaries in accordance with rules prescribed by the director. For purposes of computing the items of tax preference, the gain or loss from the forfeiture of an installment real estate contract, the transfer of real or personal property securing a debt to a creditor in cancellation of that debt or from the sale or exchange of property as a result of actual notice of foreclosure shall not be taken into account in computing net capital gain if all of the following conditions are met:

Sec. 4. Section 422.5, subsection 1, paragraph o, Code Supplement 1985, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (4) Add the amount by which the aggregate losses from all passive activities, reduced by the aggregate income from passive activities, exceed the sum of the taxpayer's cash basis in passive activities which are not tax shelters plus the lesser of the taxpayer's cash basis in passive activities which are tax shelters or fifty thousand dollars. For purposes of this subparagraph the following apply:

(a) "Tax shelter" means the same as defined in section 461(i)(3) of the Internal Revenue Code of 1954.

(b) "Passive activity" means an activity where a substantial portion of the income from the activity is from a trade or business. Rents and royalties are income from a trade or business. "Passive activity" does not include, except in the case of limited partners, an activity where the taxpayer or taxpayer's spouse materially participates in the

activity or provides substantial personal services for the activity. A loss incurred from a farming business, as defined in section 464(e) of the Internal Revenue Code of 1954, will not be considered for purposes of this subparagraph to the extent that the loss is used in computing net income under section 422.7.

(c) "Cash basis" means in the case of an interest in a partnership, the adjusted basis of the taxpayer's interest determined without regard to any liability of or amount borrowed by the partnership with respect to the partnership which was secured by any assets of the partnership, and in all other cases, the adjusted basis of the taxpayer's interest determined under principles relating to the case of a partnership.

(d) A loss from any activity shall be determined under the principles of section 465(d) of the Internal Revenue Code of 1954 except that to the extent that any deduction is an item of tax preference in this section, that deduction shall not be taken into account.

(e) A loss from an activity that is disallowed under this subparagraph shall be treated as a deduction allowable to that activity in the first succeeding tax year.

(f) If the taxpayer disposes of the taxpayer's entire interest in a passive activity during a tax year, the amount of loss attributed to the activity determined after carryovers in part (e) of this subparagraph, shall be allowed in computing alternative minimum taxable income and shall not be treated as a loss for purposes of this subparagraph.

Sec. 5. Section 422.7, Code Supplement 1985, is amended by adding the following new subsections:

NEW SUBSECTION. Add the combined net losses from passive farming activity in excess of twenty-five thousand dollars that offset income from other sources. Net losses under section 165 of the Internal Revenue Code of 1954, exclusive of net gains incurred passively from the operation of a farming business, as defined in section 464(e) of the Internal Revenue

Code of 1954, are to be combined from businesses, rents, partnerships, subchapter S corporations, estates or trusts except losses under sections 1211 and 1231 of the Internal Revenue Code of 1954. For purposes of this subsection the following apply:

a. "Passive activity" means an activity where the taxpayer or a member of the taxpayer's family as defined in section 2032A(e)(2) of the Internal Revenue Code of 1954 does not materially participate in the activity or provide substantial personal services to the farming business. A taxpayer who is retired or disabled as described in section 2032A(b)(4) of the Internal Revenue Code of 1954 or is a surviving spouse as described in section 2032A(b)(5) shall be treated as materially participating in the farming business.

b. A loss from an activity that is disallowed under this subsection shall be treated as a deduction allowable to that activity in the first succeeding tax year.

NEW SUBSECTION. Add the amount of intangible drilling and development costs optionally deducted in the year paid or incurred as allowed under section 263(c) of the Internal Revenue Code of 1954. This amount may be recovered through cost depletion or depreciation, as appropriate under rules prescribed by the director.

NEW SUBSECTION. Add the percentage depletion amount determined with respect to an oil, gas, or geothermal well using methods in section 613 of the Internal Revenue Code of 1954 that is in excess of the cost depletion amount determined under section 611 of the Internal Revenue Code of 1954.

Sec. 6. Section 422.12, subsection 2, unnumbered paragraph 1, Code 1985, is amended to read as follows:

A child and dependent care credit equal to ten forty-five percent of the qualifying-employment-related-expenses-and subject-to-the-same-limitations federal child and dependent care credit provided by in section ~~44A~~ 21 of the Internal Revenue Code of 1954.

Sec. 7. Section 422.12, subsection 3, Code 1985, is amended by striking the subsection.

Sec. 8. Section 422.33, subsection 4, Code Supplement 1985, is amended to read as follows:

4. In addition to all taxes imposed under this division, there is imposed upon each corporation doing business within the state a state minimum tax for tax preference equal to seventy percent of the state's apportioned share of the federal minimum tax. The state's apportioned share of the federal minimum tax is a percent equal to the ratio of the federal minimum tax on preferences attributable to Iowa to the federal minimum tax on all preferences. The director shall prescribe rules for the determination of the amount of the federal minimum tax on preferences attributable to Iowa which shall be based as much as equitably possible on the allocation and apportionment provisions of subsections 2 and 3. For purposes of this subsection, "federal minimum tax" means the federal minimum tax for tax preferences computed under sections 55 to 58, except section 57(a)(8), of the Internal Revenue Code of 1954 for the tax year.

Sec. 9. Section 422.35, Code 1985, is amended by adding the following new subsections:

NEW SUBSECTION. Add the combined net losses from passive farming activity in excess of twenty-five thousand dollars that offset income from other sources. Net losses under section 165 of the Internal Revenue Code of 1954, exclusive of net gains incurred passively from the operation of a farming business, as defined in section 464(e) of the Internal Revenue Code of 1954, are to be combined from businesses, rents, partnerships, corporations, estates or trusts except losses under sections 1211 and 1231 of the Internal Revenue Code of 1954. Farming activity is passive if the taxpayer does not materially participate in the activity nor provide substantial services to the farming business. A loss from an activity that is disallowed under this subsection shall be treated as a deduction allowable to that activity in the first succeeding tax year.

NEW SUBSECTION. Add the percentage depletion amount determined with respect to an oil, gas, or geothermal well using methods in section 613 of the Internal Revenue Code of 1954 that is in excess of the cost depletion amount determined under section 611 of the Internal Revenue Code of 1954.

Sec. 10. This Act is retroactive to January 1, 1986, for tax years beginning on or after that date.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2294, Seventy-first General Assembly.

K. MARIE TEAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

SENATE FILE 2295

AN ACT

TO INCREASE SNOWMOBILE REGISTRATION FEES AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 321G.4, unnumbered paragraph 2, Code 1985, is amended to read as follows:

The owner of the snowmobile shall file an application for registration with the appropriate county recorder on forms provided by the commission. The application shall be completed and signed by the owner of the snowmobile and shall be accompanied by a fee of ~~twelve~~ twenty dollars and a writing fee. Proof of payment of Iowa sales or use tax must accompany all applications for registration. Upon receipt of the application in approved form accompanied by the required fees, the county recorder shall enter the ~~same~~ it upon the records and shall issue to the applicant a pocket-size registration certificate. The certificate shall be executed in triplicate,

one copy to be delivered to the owner, one copy to the commission, and one copy to be retained on file by the county recorder. The registration certificate shall bear the number awarded to the snowmobile and the name and address of the owner. The registration certificate shall be carried either in the snowmobile or on the person of the operator of the machine when in use. The operator of a snowmobile shall exhibit the registration certificate to a peace officer upon request or to the owner or operator of another snowmobile or the owner of personal or real property when the snowmobile is involved in a collision or accident of any nature with another snowmobile or the property of another person.

Sec. 2. Section 321G.6, unnumbered paragraphs 1 and 2, Code 1985, are amended to read as follows:

Every registration certificate and number issued ~~shall~~ expire at midnight December 31, and renewals expire every two years thereafter unless sooner terminated or discontinued in accordance with ~~the provisions of~~ this chapter. After the first day of September each even-numbered year, any unregistered ~~snowmobile~~ snowmobiles and renewals ~~of registration~~ may be so registered for the subsequent biennium beginning January 1. ~~Any A~~ snowmobile registered between January 1 and September 1 of even-numbered years shall be registered for a fee of six ten dollars for the remainder of the registration period.

After the first day of September in even-numbered years an unregistered snowmobile may be registered for the remainder of the current registration period and for the subsequent registration period in one transaction. The fee shall be ~~three~~ three five dollars for the remainder of the current period, in addition to the registration fee of ~~twelve~~ twenty dollars for the subsequent biennium beginning January 1, and a writing fee. Registration certificates and numbers may be renewed upon application ~~of~~ the owner in the same manner as provided in securing the original registration. The snowmobile

registration fee is in lieu of personal property tax for each year of the registration.

Sec. 3. This Act takes effect September 1, 1986.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2295, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

SENATE FILE 2296

AN ACT

RELATING TO THE MOVEMENT OF VEHICLES OF EXCESSIVE SIZE AND WEIGHT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 321.1, subsection 43, unnumbered paragraphs 1 and 4, Code Supplement 1985, are amended to read as follows:

"Chauffeur" means a person who operates a motor vehicle, including a school bus, in the transportation of persons for wages, compensation or hire, or a person who operates a truck tractor, road tractor or any motor truck which is required to be registered at a gross weight classification exceeding five

tons, or any such motor vehicle exempt from registration which would be within the gross weight classification if not so exempt. A person is not a chauffeur when the operation of the motor vehicle, other than a truck tractor, by the owner or operator is occasional and merely incidental to the owner or operator's principal business.

Subject to section 321.179, a farmer or the farmer's hired help is not a chauffeur when operating a truck, other than a truck tractor, owned by the farmer and used exclusively in connection with the transportation of the farmer's own products or property.

Sec. 2. Section 321.1, subsection 71, Code 1985, is amended to read as follows: .

71. A "special truck" means a motor truck or truck tractor not used for hire with a gross weight registration of six through twenty thirty-two tons used by a person engaged in farming to transport commodities produced only by the owner, or to transport commodities purchased by the owner for use in the owner's own farming operation or occasional use for charitable purposes. ~~"Special-truck"-also-means-a-truck tractor-which-is-modified-by-removal-of-a-fifth-wheel-and carries-the-full-load-on-the-motor-truck-and-which-by-reason of-its-conversion-becomes-a-motor-truck.~~ A "special truck" does not include a truck tractor operated more than seventy-five hundred miles annually.

Sec. 3. Section 321.121, Code 1985, is amended to read as follows:

321.121 SPECIAL TRUCKS FOR FARM USE.

The registration fee for a special truck shall be eighty dollars for a gross weight of six tons, one hundred dollars for a gross weight of seven tons, one hundred twenty dollars for a gross weight of eight tons, and in addition, fifteen dollars for each ton over eight tons and not exceeding eighteen tons. The registration fee for a special truck with a gross weight registration exceeding eighteen tons but not

exceeding nineteen tons shall be three hundred twenty-five dollars and for a gross weight registration exceeding nineteen tons but not exceeding twenty tons the registration fee shall be three hundred seventy-five dollars. ~~Any~~ The additional registration fee for a special truck for a gross weight registration in excess of twenty tons is twenty-five dollars for each ton over twenty tons and not exceeding thirty-two tons.

PARAGRAPH DIVIDED. A person convicted of or found by audit to be using a track motor vehicle registered as a special truck for any purpose other than permitted by section 321.1, subsection 71, shall, in addition to any other penalty imposed by law, be required to pay regular motor truck vehicle registration fees upon such track motor vehicle.

Sec. 4. Section 321.122, subsection 1, unnumbered paragraph 1, Code 1985, is amended to read as follows:

1. The annual registration fee for truck tractors, road tractors, and motor trucks, except motor trucks registered as special trucks, shall be based on the combined gross weight of the vehicle or combination of vehicles. All trucks, truck tractors, or road tractors shall be registered for a gross weight equal to or in excess of the unladen weight of the vehicle or combination of vehicles. The annual registration fee for such vehicles or combination of vehicles, except special trucks, shall be:

Sec. 5. Section 321.437, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding this chapter or chapter 321E, a combination of vehicles coupled together which is used exclusively for the transportation of passenger vehicles, light delivery trucks, panel delivery trucks, pickups, boats, and recreational chassis, may permanently attach a convex-type mirror on either or both of the vertical supports, forward of the steering axle of the power unit, provided that the mirror shall not extend beyond the limit of any other rearview mirror on the vehicle.

Sec. 6. Section 321.453, Code 1985, is amended to read as follows:

321.453 EXCEPTIONS.

The provisions of this chapter governing size, weight, and load do not apply to fire apparatus, to road maintenance equipment owned by or under lease to any state or local authority, or to implements of husbandry temporarily moved upon a highway, or to implements moved between the retail seller and a farm purchaser within a fifty mile radius from the retail seller's place of business, or to indivisible implements of husbandry temporarily moved between the place of manufacture and a retail seller or a farm purchaser, or implements received and moved by a retail seller of implements of husbandry in exchange for an implement purchased, except on any part of the interstate highway system, or to a vehicle operating under the terms of a special permit issued as provided in chapter 321E.

Sec. 7. Section 321E.2, Code 1985, is amended to read as follows:

321E.2 PRIMARY-ROAD-EXTENSIONS PERMIT-ISSUING AUTHORITIES.

Annual permits and single-trip permits shall be issued by the authority responsible for the maintenance of such the system of highways or streets except-that. However, the department ~~shall have authority to~~ may issue permits on primary road extensions in cities in conjunction with movements on the rural primary road system. The department may issue an all-system permit under section 3213.8 which is valid for movements on all highways or streets under the jurisdiction of either the state or those local authorities which have indicated in writing to the department those streets or highways for which an all-system permit is not valid.

Sec. 8. Section 321E.14, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The annual fee for an all-system permit is two hundred fifty dollars which shall be deposited in the road use tax fund.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2296, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

S.F. 2296

SENATE FILE 2302

AN ACT

RELATING TO THE LOCAL OPTION TAXES AND PROVIDING EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422A.1, unnumbered paragraph 3, Code 1985, is amended to read as follows:

A city or county shall impose a hotel and motel tax or increase the tax rate, only after an election at which a majority of those voting on the question favors imposition or increase. However, a hotel and motel tax shall not be repealed or reduced in rate if obligations are outstanding which are payable as provided in section 422A.2, unless funds sufficient to pay the principal, interest, and premium, if any, on the outstanding obligations at and prior to maturity have been properly set aside and pledged for such that purpose. The election shall be held at the time of that city's or county's general election or at the time of a special election.

Sec. 2. Section 4228.1, subsections 1 and 2, Code Supplement 1985, are amended to read as follows:

1. A city-or-a county may impose by ordinance of the-city caancif-or the board of supervisors local option taxes authorized by this chapter, subject to this section.

2. A local option tax shall be imposed only after an election at which a majority of those voting on the question favors imposition and shall then be imposed until repealed as provided in subsection 7, paragraph "a". ff-the-tax-is-a local-earnings-tax-imposed-by-a-city,-it-shall-only-apply within-the-corporate-boundaries-of-that-city-and-if-imposed-by a-county,-it-shall-only-apply-to-unincorporated-areas-of-that county. If the tax is a local vehicle tax imposed by a

county, it shall apply to all incorporated and unincorporated areas of the county. If the tax is a local sales and services tax imposed by a county, it shall only apply to those incorporated areas and the unincorporated area of that county in which a majority of those voting in the area on the tax favor its imposition. For purposes of the local sales and services tax, all cities contiguous to each other shall be treated as part of one incorporated area and the tax would be imposed in each of those contiguous cities only if the majority of those voting in the total area covered by the contiguous cities favor its imposition.

Sec. 3. Section 422B.1, subsections 3 and 4, Code Supplement 1985, are amended by striking the subsections.

Sec. 4. Section 422B.1, subsection 6, Code Supplement 1985, is amended to read as follows:

6. The county commissioner of elections shall submit the question of imposition of a local option tax at a state general election or at a special election held at any time other than the time of a city regular election in-the-case-of a-tax-imposed-by-a-county-or-at-a-state-general-election-or city-regular-election-in-the-case-of-a-tax-imposed-by-a-city which may not be held sooner than sixty days after publication of notice of the ballot proposition. The ballot proposition shall specify the type and rate of tax and in the case of a vehicle tax the classes that will be exempt and in the case of a local sales and services tax the date it will be imposed. The ballot proposition shall also specify the approximate amount of local option tax revenues that will be used for property tax relief and shall contain a statement as to the specific purpose or purposes for which the revenues shall otherwise be expended. The-rate-of-a-local-earnings-tax-shall be-in-increments-of-one-percent-but-not-in-excess-of-four percent-as-set-by-the-governing-body-of-the-city-or-county seeking-to-impose-the-tax. The rate of the vehicle tax shall be in increments of one dollar per vehicle as set by the

petition seeking to impose the tax. The rate of a local sales and services tax shall not be more than one percent as set by the governing body. The state commissioner of elections shall establish by rule the form for the ballot proposition which form shall be uniform throughout the state.

Sec. 5. Section 4228.1, subsection 7, paragraph a, Code Supplement 1985, is amended to read as follows:

a. If a majority of those voting on the question of imposition of a local option tax favor imposition of a local option tax, the governing body of that ~~city or that~~ county? ~~as applicable~~ shall impose the tax at the rate specified for an unlimited period. ~~However~~, in the case of a local sales and services tax, the county shall not impose the tax in any incorporated area or the unincorporated area if the majority of those voting on the tax in that area did not favor its imposition. For purposes of the local sales and services tax, all cities contiguous to each other shall be treated as part of one incorporated area and the tax would be imposed in each of those contiguous cities only if the majority of those voting in the total area covered by the contiguous cities favor its imposition. The local option tax may be repealed or the rate increased or decreased only after an election at which a majority of those voting on the question of repeal or rate change favor the repeal or rate change. The election at which the question of repeal or rate change is offered shall be called and held in the same manner and under the same conditions as provided in subsections ~~37-47~~ 57 and 6 for the election on the imposition of the local option tax. However, in the case of a local sales and services tax where the tax has not been imposed countywide, the question of repeal or imposition shall be voted on only by the qualified electors of the areas of the county where the tax has been imposed or has not been imposed, as appropriate.

Sec. 6. Section 1228.1, subsection 9, Code Supplement 1985, is amended to read as follows:

9. Local option taxes authorized to be imposed as provided in this chapter are ~~a local earnings tax~~, a local sales and services tax and a local vehicle tax. The rate of the ~~taxes~~ tax shall be ~~up to four percent in increments of one percent for the earnings tax~~ and in increments of one dollar per vehicle for a vehicle tax ~~as set by the governing body of the city or county seeking to impose the earnings tax~~ or as set on the petition seeking to impose the vehicle tax. The rate of a local sales and services tax shall not be more than one percent as set by the governing body.

Sec. 7. Section 4228.8, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

A local sales and services tax at the rate of not more than one percent may be imposed by a county on the gross receipts taxed by the state under chapter 422, division IV. A local sales and services tax shall be imposed on the same basis as the state sales and services tax and may not be imposed on the sale of any property or on any service not taxed by the state, except the tax shall not be imposed on the gross receipts from the sale of motor fuel or special fuel as defined in chapter 324, on the gross receipts from the rental of rooms, apartments, or sleeping quarters which are taxed under chapter 422A during the period the hotel and motel tax is imposed, on the gross receipts from the sale of natural gas or electric energy in a city or county where the gross receipts are subject to a franchise fee or user fee during the period the franchise or user fee is imposed, and on the gross receipts from the sale of a lottery ticket or share in a lottery game conducted pursuant to chapter 99E. However, notwithstanding that the gross receipts from the sale or rental of the tangible personal property described in section 422.45, subsections 26 and 27 are taxable during the period beginning July 1, 1985 and ending June 30, 1987, a local sales and services tax shall not be imposed on the sale or rental of such property. A local sales and services tax is applicable

to transactions within those incorporated and unincorporated areas of the county where it is imposed and shall be collected by all persons required to collect state gross receipts taxes. All cities contiguous to each other shall be treated as part of one incorporated area and the tax would be imposed in each of those contiguous cities only if the majority of those voting in the total area covered by the contiguous cities favor its imposition.

Sec. 8. Section 422B.10, subsection 1, Code Supplement 1985, is amended to read as follows:

1. The treasurer of state shall credit the local sales and services tax receipts and interest and penalties from a county to the county's account in the local sales and services tax fund. If the director of revenue is unable to determine from which county any of the receipts were collected, those receipts shall be allocated amongst the possible counties based on allocation rules adopted by the director of revenue.

Sec. 9. Sections 422B.5 through 422B.7, Code Supplement 1985, are repealed.

Sec. 10. In a county that has imposed a local option sales and services tax, the board of supervisors shall, notwithstanding any contrary provision of chapter 422B, repeal the local option sales and services tax in an incorporated city area in which the tax has been imposed upon receipt of a motion adopted by the governing body of that incorporated city area requesting repeal. The board of supervisors shall repeal the local option sales and services tax effective at the end of the calendar quarter during which the motion for the repeal was received.

Sec. 11. This Act being deemed of immediate importance, takes effect from and after its publication in The Cedar Rapids Gazette, a newspaper published in Cedar Rapids, Iowa, and in the West Des Moines Express, a newspaper published in Des Moines, Iowa.

Sec. 12. Sections 7 and 8 of this Act are retroactive to January 1, 1986 for local option sales and services taxes imposed on or after that date.

Sec. 13. Section 10 of this Act is repealed July 1, 1986.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2302, Seventy-first General Assembly.

K. MARIE TRAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

SENATE FILE 2304

AS ACT

APPROPRIATING FEDERAL FUNDS MADE AVAILABLE FROM FEDERAL BLOCK GRANTS, ALLOCATING PORTIONS OF FEDERAL BLOCK GRANTS, AND PROVIDING PROCEDURES IF FEDERAL FUNDS ARE MORE OR LESS THAN ANTICIPATED OR IF FEDERAL BLOCK GRANTS ARE MORE OR LESS THAN ANTICIPATED OR IF CATEGORICAL GRANTS ARE CONSOLIDATED INTO NEW OR EXISTING BLOCK GRANTS AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

Section 1. ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH SERVICES APPROPRIATION.

1. There is appropriated from the fund created by section 8.41 to the department of public health, two million nine hundred thirty-six thousand (2,936,000) dollars for the federal fiscal year beginning October 1, 1986. Funds appropriated by this section are the anticipated funds to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title IX, Subtitle A, and Pub. L. No. 97-414 which provides for the alcohol and drug abuse and mental health services block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. Seventeen and eight-tenths percent of the funds appropriated in subsection 1 shall be transferred to the division of mental health, mental retardation, and developmental disabilities within the department of human services and allocated for community mental health centers. Of this amount, ten percent must be used to initiate new mental services for severely disturbed children and

adolescents and new comprehensive community mental health programs for unserved areas or underserved populations.

3. Funds appropriated in subsection 1 shall not be used by the department of public health for administrative expenses. The department of public health shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1 from funds appropriated to the department from the general fund of the state. The auditor of state shall bill the department of public health for the costs of the audit.

4. Five percent of the funds appropriated in subsection 1 shall be used to initiate and provide new alcohol and drug abuse services to women.

5. After deducting the funds allocated in subsections 2 and 4 the remaining funds appropriated in subsection 1 shall be allocated according to the following percentages to supplement appropriations for the following programs within the department of public health:

- a. Drug abuse programs 38.89 percent
- b. Alcohol abuse programs 38.89 percent
- c. Alcohol and drug prevention programs 22.22 percent

Sec. 2. MATERNAL AND CHILD HEALTH SERVICES APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the state department of public health, the sum of five million four hundred sixty thousand six hundred seventy-two (5,460,672) dollars for the federal fiscal year beginning October 1, 1986. The funds appropriated by this section are the funds anticipated to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title XXI, Subtitle D, as amended, which provides for the maternal and child health services block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. Sixty-three percent of the funds appropriated in subsection 1 shall be allocated to supplement appropriations for maternal and child health programs within the state department of public health. Of these funds, forty-eight thousand seven hundred twenty **(48,720)** dollars shall be set aside for sudden infant death syndrome, and two hundred eight thousand nine hundred fifty **(208,950)** dollars shall be set aside for the statewide perinatal care program.

Thirty-seven percent of the funds appropriated in subsection 1 shall be allocated to the university of Iowa hospitals and clinics under the control of the state board of regents for mobile and regional child health specialty clinics. The university of Iowa hospitals and clinics shall not receive an allocation for indirect costs from the funds for this program.

3. An amount not exceeding one hundred twenty-two thousand thirty (122,030) dollars of the funds allocated in subsection 2 to the state department of public health shall be used by the state department of public health for administrative expenses. From the funds set aside by this subsection for administrative expenses, the state department of public health shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state department of public health's portion of the funds allocated in subsection 2. The auditor of state shall bill the state department of public health for the costs of the audit.

It is the intent of the general assembly that the departments of public health, human services, and education and the university of Iowa's mobile and regional child health specialty clinics continue to pursue to the maximum extent feasible the coordination and integration of services to women and children in selected pilot areas. It is expected that these agencies prepare a progress report for the general assembly indicating objectives accomplished and barriers encountered in the pursuit of these integration efforts.

4. Those federal maternal and child health services block grant funds transferred from the federal preventive health and health services block grant funds under section 3, subsection 4, of this Act for the federal fiscal year beginning October 1, 1986, are transferred to the maternal and child health programs and to the university of Iowa's mobile and regional child health specialty clinics according to the percentages specified in section 2, subsection 2, of this Act.

5. The department of public health shall administer the statewide maternal and child health program and the crippled children's program by conducting mobile and regional child health specialty clinics and conducting other activities to improve the health of low-income women and children and to promote the welfare of children with actual or potential handicapping conditions and chronic illnesses in accordance with the requirements of Title V of the Social Security Act.

Sec. 3. PREVENTIVE HEALTH AND HEALTH SERVICES
. APPROPRIATIONS,

1. There is appropriated from the fund created by section 8.41 to the state department of public health, one million forty-seven thousand four hundred ninety-five (1,047,495) dollars for the federal fiscal year beginning October 1, 1986. Funds appropriated by this section are the funds anticipated to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title IX, Subtitle A, which provides for the preventive health and health services block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. An amount not exceeding one hundred thousand three hundred seventeen (100,317) dollars of the funds appropriated in subsection 1 shall be used by the state department of public health for administrative expenses. From the funds set aside by this subsection for administrative expenses, the

state department of public health shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state shall bill the state department of public health for the costs of the audit.

3. Of the funds appropriated in subsection 1, the specific amount of funds required by Pub. L. No. 97-35, Title IX, Subtitle A, shall be allocated to the rape prevention program.

4. Pursuant to Pub. L. No. 97-35, Title IX, Subtitle A, as amended, seven percent of the funds appropriated in subsection 1 is transferred within the special fund in the state treasury established under section 8.41, for use by the state department of public health as authorized by Pub. L. No. 97-35, Title XXI, Subtitle D, as amended, and section 2 of this Act.

5. After deducting the funds allocated and transferred in subsections 2, 3, and 4, the remaining funds appropriated in subsection 1 shall be allocated for use of the following programs in amounts determined by the department of public health: fluoridation program, risk reduction services, health incentive program, hypertension program, and emergency medical services.

DIVISION II

Sec. 4. COMMUNITY SERVICES APPROPRIATIONS.

1. a. There is appropriated from the fund created by section 8.41 to the division of community action agencies of the department of human rights, the sum of three million seven hundred sixty-eight thousand six hundred (3,768,600) dollars for the federal fiscal year beginning October 1, 1986. Funds appropriated by this section are the funds anticipated to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title VI, Subtitle B, which provides for the community services block grant. The division of community action agencies of the

department of human rights shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

b. The director of the division of community action agencies of the department of human rights shall allocate not less than ninety-seven percent of the amount of the block grant to programs benefiting low-income persons based upon the size of the poverty-level population in the area represented by the community action areas compared to the size of the poverty-level population in the state.

2. An amount not exceeding three percent of the funds appropriated in subsection 1 for the federal fiscal year beginning October 1, 1986 shall be used by the division of community action agencies of the department of human rights for administrative expenses. From the funds set aside by this subsection for administrative expenses, the division of community action agencies of the department of human rights shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state shall bill the division of community action agencies of the department of human rights for the costs of the audit.

Sec. 5. COMMUNITY DEVELOPMENT APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the department of economic development, the sum of twenty-four million nine hundred thousand (24,900,000) dollars for the federal fiscal year beginning October 1, 1986. Funds appropriated by this section are the funds anticipated to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title III, Subtitle A, which provides for the community development block grant. The department of economic development shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. An amount not exceeding nine hundred ninety-one thousand (991,000) dollars for the federal fiscal year beginning October 1, 1986 shall be used by the department of economic development for administrative expenses for the community development block grant. The total amount used for administrative expenses includes four hundred ninety-five thousand five hundred (495,500) dollars for the federal fiscal year beginning October 1, 1986 of funds appropriated in subsection 1 and a matching contribution from the state equal to four hundred ninety-five thousand five hundred (495,500) dollars from the appropriation of state funds for the community development block grant and state appropriations for related activities of the department of economic development. The total administrative expenses at the state level, from both federal and state sources, shall not exceed four percent of the amount appropriated in subsection 1. From the funds set aside for administrative expenses by this subsection, the department of economic development shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state shall bill the department of economic development for the costs of the audit.

DIVISION III

Sec. 6. EDUCATION APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the department of education for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the amount received from Pub. L. No. 97-35, Title V, Subtitle D, chapter 2, not to exceed five million seven hundred thousand (5,700,000) dollars, which provides for the education block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. Twenty percent of the funds appropriated in subsection 1, not to exceed one million one hundred forty thousand (1,140,000) dollars, shall be used by the department for basic skills development, state leadership and support services, educational improvement and support services, special projects, and state administrative expenses and auditing. However, not more than two hundred thousand (200,000) dollars shall be used by the department for state administrative expenses.

3. Eighty percent of the funds appropriated in subsection 1 shall be allocated by the department to local educational agencies in this state, as local educational agency is defined in Pub. L. No. 97-35, Title V, Subtitle D. The amount allocated under this subsection shall be allocated to local educational agencies according to the following percentages and enrollments:

a. Seventy-five percent shall be allocated on the basis of enrollments in public and approved nonpublic schools.

b. Twenty percent shall be allocated on the basis of the number of disadvantaged children in local educational agencies whose incidence ratio for disadvantaged children is above the state average incidence ratio.

c. Five percent shall be allocated on the basis of the number of limited English-speaking children whose language imposes a barrier to learning.

Sec. 7. Funds appropriated in section 6 of this Act shall not be used to aid schools or programs that illegally discriminate in employment or educational programs on the basis of sex, race, color, national origin, or disability.

DIVISION IV

Sec. 8. LOW-INCOME HOME ENERGY ASSISTANCE APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the division of community action agencies of the department of human rights, the sum of thirty-six million seven hundred nineteen thousand eight hundred (36,719,800)

dollars for the fiscal year beginning October 1, 1986. The funds appropriated by this section are the funds anticipated to be received from the federal government for the designated federal fiscal years under Pub. L. No. 97-35, Title XXVI, as amended by Pub. L. No. 98-558, which provides for the low-income home energy assistance block grants. The division of community action agencies of the department of human rights shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. An amount not exceeding two million eight hundred ninety-two thousand (2,892,000) dollars or nine percent of the funds appropriated in subsection 1, whichever is less, may be used for administrative expenses, not more than two hundred ninety thousand (290,000) dollars of which shall be used for administrative expenses of the division of community action agencies of the department of human rights. From the total funds set aside by this subsection for administrative expenses, an amount sufficient to pay the cost of an audit of the use and administration of the state's portion of the funds appropriated is allocated for that purpose. The auditor shall bill the division of community action agencies of the department of human rights for the costs of the audit. The remaining funds shall be used for administrative expenses of the community action agencies.

3. The remaining funds appropriated in this section shall be allocated to help eligible households, as defined in accordance with Pub. L. No. 97-35, as amended by Pub. L. No. 98-558, to meet the costs of home energy. After reserving a reasonable portion of the remaining funds not to exceed one million (1,000,000) dollars to carry forward into the federal fiscal year beginning October 1, 1987, at least ten percent and not more than fifteen percent of the remaining funds appropriated by this section shall be used for low-income residential weatherization or other related home repairs for low-income households.

4. An eligible household must be willing to allow residential weatherization or other related home repairs in order to receive home energy assistance. If the eligible household resides in rental property, the unwillingness of the landlord to allow residential weatherization or other related home repairs shall not prevent the household from receiving home energy assistance,

DIVISION V

Sec. 9. SOCIAL SERVICES APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the department of human services, the sum of thirty-three million eighty-four thousand nine hundred seventy-two (33,084,972) dollars for the fiscal year beginning October 1, 1986. Funds appropriated by this subsection are the funds anticipated to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title XXIII, Subtitle C, as codified in 42 U.S.C. sections 1397-1397f, which provides for the social services block grant. The department of human services shall expend the funds appropriated by this subsection as provided in the federal law making the funds available and in conformance with chapter 17A.

2. Not more than one million nine hundred seven thousand nine hundred thirty-two (1,907,932) dollars of the funds appropriated in subsection 1 shall be used by the department of human services for general administration for the federal fiscal year beginning October 1, 1986. From the funds set aside by this subsection for general administration, the department of human services shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state shall bill the department of human services for the costs of the audit.

3. In addition to the allocation for general administration in subsection 2, the remaining funds

appropriated in subsection 1 shall be allocated to supplement appropriations for the federal fiscal year beginning October 1, 1986 for the following programs within the department of human services:

	1986-1987
	Federal
	<u>Fiscal Year</u>
a. Field operations	\$ 13,068,647
b. Home-based services	\$ 153,002
c. Foster care	\$ 4,847,444
d. Community-based services	\$ 776,329
e. Local administrative costs and	
other local services	\$ 12,199,070
f. Volunteers	\$ 132,548

Sec. 10. SOCIAL SERVICES BLOCK GRANT PLAN: The department of human services during each fiscal year shall develop a plan for the use of federal social services block grant funds for the subsequent state fiscal year.

The proposed plan shall include all programs and services at the state level which the department proposes to fund with federal social services block grant funds, and shall identify state and other funds which the department proposes to use to fund the state programs and services.

The proposed plan shall also include all local programs and services which are eligible to be funded with federal social services block grant funds, the total amount of federal social services block grant funds available for the local programs and services, and the manner of distribution of the federal social services block grant funds to the counties. The proposed plan shall identify state and local funds which will be used to fund the local programs and services.

The proposed plan shall be submitted with the department's budget requests to the governor and the general assembly.

DIVISION VI

Sec. 11. PROCEDURE FOR REDUCED FEDERAL FUNDS.

1. Except for section 6 of this Act, if the funds received from the federal government for the block grants specified in this Act are less than the amounts appropriated, the funds actually received shall be prorated by the governor for the various programs, other than for the rape prevention program under section 3, subsection 3, of this Act, for which each block grant is available according to the percentages that each program is to receive as specified in this Act. However, if the governor determines that the funds allocated by the percentages will not be sufficient to effect the purposes of a particular program, or if the appropriation is not allocated by percentage, the governor may allocate the funds in a manner which will effect to the greatest extent possible the purposes of the various programs for which the block grants are available.

2. Before the governor implements the actions provided for in subsection 1, the following procedures shall be taken:

a. The chairpersons and ranking members of the standing committees of the senate and house on appropriations, the director of the legislative fiscal bureau, and the appropriate chairpersons and ranking members of subcommittees of those committees shall be notified of the proposed action.

b. The notice shall include the proposed allocations, and information on the reasons why particular percentages or amounts of funds are allocated to the individual programs, the departments and programs affected, and other information deemed useful. Chairpersons notified shall be allowed at least two weeks to review and comment on the proposed action before the action is taken.

Sec. 12. PROCEDURE FOR INCREASED FEDERAL FUNDS.

1. If funds received from the federal government in the form of block grants exceed the amounts appropriated in sections 1, 2, 3, and 8, subsection 3, of this Act, the excess shall be prorated to the appropriate programs according to the percentages specified in those sections, except additional funds shall not be prorated for administrative expenses.

2. If funds received from the federal government from block grants exceed the amounts appropriated in section 5 of this Act, one hundred percent of the excess is appropriated to the community development block grant program. Not more than two percent of the excess may be used for additional administrative expenses if the amount or any portion of it is equally matched by the current state appropriation for related activities of the department of economic development.

3. If funds received from the federal government in the form of block grants exceed the amounts appropriated in section 6, subsection 2, of this Act, the excess shall be deposited in the special fund created in section 8.41 and is subject to appropriation by the general assembly.

4. If funds received from the federal government from block grants exceed the amounts appropriated in section 8 of this Act, at least ten percent and not more than fifteen percent of the excess shall be allocated to the low-income weatherization program.

5. If funds received from the federal government in the form of block grants exceed the amounts appropriated in section 1 and section 9, subsection 1 of this Act, the excess shall be prorated to the appropriate programs according to the percentages specified in those sections, except additional funds shall not be prorated for administrative expenses.

6. If funds received from the federal government from community services block grants exceed the amounts appropriated in section 4 of this Act, one hundred percent of the excess is allocated to the community services block grant program.

Sec. 13. PROCEDURE FOR CONSOLIDATED, CATEGORICAL, OR EXPANDED FEDERAL BLOCK GRANTS. Notwithstanding section 8.41, federal funds made available to the state which are authorized for the federal fiscal year beginning October 1, 1986 resulting from the federal government consolidating former categorical grants into block grants, or which expand block

grants included in Pub. L. No. 97-35, to include additional programs formerly funded by categorical grants, which are not otherwise appropriated by the general assembly, are appropriated for the programs formerly receiving the categorical grants, subject to the conditions of this section. The governor shall, whenever possible, allocate from the block grant to each program in the same proportion as the amount of federal funds received by the program during the 1986 federal fiscal year as modified by the 1986 Session of the Seventy-first General Assembly for the fiscal year beginning July 1, 1986 compared to the total federal funds received in the 1986 federal fiscal year by all programs consolidated into the block grant. However, if one agency did not have categorical funds appropriated for the federal fiscal year ending September 30, 1986 but had anticipated applying for funds during the fiscal year ending September 30, 1987, the governor may allocate the funds in order to provide funding.

If the amount received in the form of a consolidated or expanded block grant is less than the total amount of federal funds received for the programs in the form of categorical grants for the 1986 federal fiscal year, state funds appropriated to the program by the general assembly to match the federal funds shall be reduced by the same proportion of the reduction in federal funds for the program. State funds released by the reduction shall be deposited in a special fund in the state treasury and are available for appropriation by the general assembly. The governor shall notify the chairpersons and ranking members of the senate and house committees on appropriations, the legislative fiscal director, and the appropriate chairpersons and ranking members of the subcommittees of those committees before making the allocation of federal funds or any proportional reduction of state funds under this section. The notice shall state the amount of federal funds to be allocated to each program, the amount of federal funds received by the program during the 1986 federal

fiscal year, the amount by which state funds for the program will be reduced according to this section and the amount of state funds received by the program during the 1986 fiscal year. Chairpersons notified shall be allowed at least two weeks to review and comment on the proposed action before the action is taken.

If the amount received in the form of a consolidated or expanded block grant is **more** than the total amount of federal funds received for the programs in the form of categorical grants for the 1986 federal fiscal year, the excess funds shall be deposited in the special fund created in section 8.41 and are subject to the provisions of that section.

Sec. 14. 1985 Iowa Acts, chapter 268, section 11, is amended to read as follows:

SEC. 11. PROCEDURE FOR REDUCED FEDERAL FUNDS.

1. Except for section 1, subsections 1 and 2, section 6 and section 9, subsection 4 of this Act, if the funds received from the federal government for the block grants specified in this Act are less than the amounts appropriated, the funds actually received shall be prorated by the governor for the various programs, other than for the rape prevention program under section 3, subsection 3, of this Act, for which each block grant is available according to the percentages that each program is to receive as specified in this Act. However, if the governor determines that the funds allocated by the percentages will not be sufficient to effect the purposes of a particular program, or if the appropriation is not allocated by percentage, the governor may allocate the funds in a manner which will effect to the greatest extent possible the purposes of the various programs for which the block grants are available.

2. Before the governor implements the actions provided for in subsection 1, the following procedures shall be taken:

a. The chairpersons and ranking members of the standing committees of the senate and house on appropriations, the

director of the legislative fiscal bureau, and the appropriate chairpersons and ranking members of subcommittees of those committees shall be notified of the proposed action.

b. The notice shall include the proposed allocations, and information on the reasons why particular percentages or amounts of funds are allocated to the individual programs, the departments and programs affected, and other information deemed useful. Chairpersons notified shall be allowed at least two weeks to review and comment on the proposed action before the action is taken.

3. If the funds received from the federal government for the alcohol and drug abuse and mental health services block grant, pursuant to section 1 of this Act, are less than the amounts appropriated, the difference shall be divided equally between the department of substance abuse and the allocation for community mental health centers within the department of human services until the total difference is equal to six hundred forty-four thousand (644,000) dollars. If the total difference exceeds such amount, the remainder of the reduction shall be prorated according to the percentages set in section 1 of this Act.

Sec. 15. 1985 Iowa Acts, chapter 268, is amended by adding the following new section:

SEC. ____ . REDESIGNATION OF CERTAIN FUNDS. Funds appropriated to a department which ceases to exist June 30, 1986 if Senate File 2175 is enacted are appropriated to its successor agency or agency responsible for the affected program after June 30, 1986.

Sec. 16. The governor may transfer funds not exceeding one million one hundred eighty thousand (1,180,000) dollars from funds already appropriated from the general fund of the state before June 30, 1986, and funds shall not revert to the general fund prior to such transfer to the department of human services for purposes specified in the 1985 Iowa Acts, chapter 268, section 9, subsection 3.

Sec. 17. This Act, being deemed of immediate importance, takes effect on and after its publication in the Ames Daily Tribune, a newspaper published in Ames, Iowa, and in the Grinnell Herald-Register, a newspaper published in Grinnell, Iowa.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2304, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

S.F. 2304

SENATE FILE 2305

AN ACT
RELATING TO THE USE AND APPROPRIATION OF OIL OVERCHARGE FUNDS
AND THE ESTABLISHMENT OF AN ENERGY CONSERVATION TRUST FUND
AND AN AGRICULTURAL ENERGY MANAGEMENT FUND.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. DECLARATION OF LEGISLATIVE INTENT. The purpose of this Act is to provide for the expenditure of a portion of the funds to be allocated and disbursed to the state and citizens of Iowa under the decision in the case of United States v. Exxon Corporation. The intent of this Act is to expend these funds fully within the letter and spirit of the guidelines established in the decision in that case. These guidelines include use of the funds under one or more of the following five existing federal energy conservation programs: (1) the program under part A of the Energy Conservation in Existing Buildings Act of 1976, 42 U.S.C. § 6861 et seq.; (2) the programs under part D of Title III of the Energy Policy and Conservation Act, 42 U.S.C. § 6321 et seq.; (3) the program under part G of Title III of the Energy Policy and Conservation Act, 42 U.S.C. § 6371 et seq.; (4) the program under the National Energy Extension Service Act, 42 U.S.C. § 7001 et seq.; and (5) the program under the Low-Income Home Energy Assistance Act of 1981, 42 U.S.C. § 8621 et seq. These programs include weatherization of buildings; implementing state energy conservation programs; cutting energy consumption in, or finding cheaper alternate energy sources for, schools and hospitals; promoting conservation by small businesses and individuals; and helping indigent people pay home utility bills. The purpose of the domestic petroleum price regulations that were violated by Exxon Corporation was to keep oil prices down, to relieve consumers of some of the

burden of towering oil costs. The five energy conservation programs identified in the court decision operate to reduce that same burden, either by reducing overall consumption through conservation or by direct financial assistance to those most in need.

Sec. 2. NEW SECTION. 93.11 ENERGY CONSERVATION TRUST FUND -- ESTABLISHED -- RECEIPTS AND DISBURSEMENTS.

1. A separate account is created in the state treasury to be known as the energy conservation trust fund. Notwithstanding section 453.7, interest and earnings on investments from the moneys in the fund shall be credited to the fund. This state on behalf of itself, its citizens, and its political subdivisions accepts any moneys awarded or allocated to the state, its citizens, or its political subdivisions as a result of the 1985 federal court decision finding Exxon Corporation in violation of federal petroleum pricing regulations and requiring Exxon Corporation to pay the amount of the judgment in the case, plus accrued interest, to a federal escrow account for distribution by the United States department of energy to the states for use in one or more of the five federal energy programs specified in Pub. L. No. 97-377, § 155, 96 Stat. 1830, 1919 (1982). The moneys shall be deposited in the energy conservation trust fund.

The energy conservation trust fund is established to provide for an orderly, efficient, and effective mechanism to make maximum use of funds available to this state, pursuant to federal court cases involving the violation of federal petroleum pricing regulations, in order to increase energy conservation efforts and thereby to save the citizens of this state energy expenditures.

The moneys received pursuant to the federal court decision involving Exxon Corporation shall be expended, to the extent possible, over a period of no more than six years.

2. The treasurer of state shall be the custodian of the energy conservation trust fund and shall invest the moneys in

the fund, in consultation with the energy fund disbursement council established in subsection 3 and the investment board of the Iowa public employees' retirement system, in accordance with the following guidelines:

a. To maximize the rate of return on moneys in the fund while providing sufficient liquidity to make fund disbursements, including contingency disbursements

b. To absolutely insure the fund against loss.

c. To use such investment tools as are necessary to achieve these purposes.

3. An energy fund disbursement council is established.

The council shall be composed of the governor or the governor's designee, the director of the department of management, who shall serve as the council's chairperson, the administrator of the division of community action agencies of the department of human rights, the administrator of the energy and geological resources division of the department of natural resources, and a designee of the director of the department of transportation, who is knowledgeable in the field of energy conservation. The council shall be staffed by the energy and geological resources division of the department of natural resources. The attorney general shall provide legal assistance to the council.

The council shall:

a. Oversee the investment of moneys deposited in the energy conservation trust fund.

b. Make recommendations to the governor and the general assembly regarding annual appropriations from the energy conservation trust fund.

c. Work with the energy and geological resources division in adopting administrative rules necessary to administer expenditures from the fund, encourage applications for grants and loans, to review and select proposals for the funding of competitive grants and loans from the energy conservation trust fund, and evaluate their comparative effectiveness.

d. Monitor expenditures from the fund.

e. Approve any grants or contracts awarded from the energy conservation trust fund in excess of five thousand dollars.

f. Prepare, in conjunction with the energy and geological resources division, an annual report to the governor and the general assembly regarding earnings of and expenditures from the energy conservation trust fund.

4. The administrator of the energy and geological resources division of the department of natural resources shall be the administrator of the energy conservation trust fund. The administrator shall disburse moneys from the fund appropriated by the general assembly, in accordance with the applicable federal court order and other related federal law and regulations, subject to the approval of the energy fund distribution council where applicable. The council, after consultation with the attorney general, shall immediately approve the disbursement of moneys from the fund for projects which meet the strict guidelines of the five existing federal energy conservation programs specified in Pub. L. No. 97-377, § 155, 96 Stat. 1830, 1919 (1982). The council shall approve the disbursement of moneys from the fund for other projects only if the projects meet one or more of the following conditions:

a. The projects meet the guidelines for allowable projects under a modification order entered by the federal court in the case involving Exxon Corporation.

b. The projects meet the guidelines for allowable projects under a directive order entered by the federal court in the case involving Exxon Corporation.

c. The projects meet the guidelines for allowable projects under regulations adopted or written clarifications issued by the United States department of energy.

Sec. 3. NEW SECTION. 467E.1 AGRICULTURAL ENERGY MANAGEMENT FUND.

1. The agricultural energy management fund is created within the department of agriculture and land stewardship.

The fund shall be used to finance education and demonstration projects regarding tillage practices and the management of fertilizer and pesticide use which result in management practices that reduce energy inputs in agriculture and reduce potential for groundwater contamination.

2. An agricultural energy management advisory council is established which shall consist of the secretary of agriculture and the chief administrator of each of the following organizations or the administrator's designee:

- a. The energy and geological resources division of the department of natural resources.
- b. The environmental protection division of the department of natural resources.
- c. Iowa state university of science and technology college of agriculture.
- d. Iowa state university of science and technology college of engineering.
- e. Iowa state water resource research institute.
- f. State university of Iowa department of preventative medicine and environmental health.
- g. Division of soil conservation of the department of agriculture and land stewardship.
- h. Iowa cooperative extension service in agriculture and home economics.

The secretary of agriculture shall be the chairperson of the council. The presiding officers Of the senate and house shall each appoint two nonvoting members, not more than one of any one political party, to serve on the advisory council for a term of two years. The council may invite the administrators of the United States geological survey and the federal environmental protection agency to each appoint a person to meet with the council in an advisory capacity. The council shall meet quarterly or upon the call of the chairperson. The council shall review possible uses of the funds and the effectiveness of current and past expenditures

of the fund. The council shall make recommendations to the department of agriculture and land stewardship on the uses of the fund.

3. The department of agriculture and land stewardship shall report annually to the standing committees on energy and environmental protection of the house and senate on the projects conducted with the agricultural energy management fund.

Sec. 4. ENERGY CONSERVATION TRUST FUND APPROPRIATIONS. There is appropriated from the funds available in the energy conservation trust fund, established in section 93.11, for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the energy and geological resources division of the department of natural resources for disbursement under section 93.11, the following amounts, or so much thereof as is necessary, to be used for the purposes designated consistent with the expressed legislative intent of this Act:

1986-1987
Fiscal Year

- 1. For energy weatherization projects. to be transferred to the division of community action agencies of the department of human rights for weatherization efforts under the federal weatherization program, including the use of the moneys in the most effective manner to conserve energy such as retrofitting furnaces and boilers and providing for the acquisition of new furnaces and boilers \$ 1,500,000
- 2. For qualifying energy conservation programs for low-income persons, including but not limited to energy weatherization projects \$ 1,500,000
- 3. For energy audits and engineer-

ing analyses of public buildings pursuant to the requirements of House Fil. 2387, if enacted by the Seventy-first General Assembly \$ 1,500,000

4. For energy conservation grants and contracts to be used to fund, on a competitive basis, cost-effective and environmentally sound energy conservation and renewable resource projects which meet the guidelines of one or more of the five federal energy programs specified in Pub. L. No. 97-377, § 155, 96 stat. 1830, 1919 (1982) \$ 900,000

5. For deposit in the agricultural energy management fund created in section 467E.1 for use by the division of soil conservation of the department of agriculture and land stewardship \$ 1,000,000

6. For energy conservation expenditures related to the highway system which will conserve energy by improving traffic flow, reducing traffic congestion, or improving traffic safety, to be transferred to the department of transportation \$ 3,000,000

7. For energy conservation expenditures related to mass transit which will aid rural and community-based transit and vanpooling, aid ride-sharing and carpooling programs, and provide new or additional commuter services, to be transferred to the department of transportation \$ 1,700,000

8. To be transferred to the

state board of regents for technical assistance studies to identify potential energy conservation opportunities within their buildings. funding of fifty percent matching grants for the installation of cost-effective energy conservation measures identified in the studies, and energy extension projects \$ 1,500,000

9. For a solar ethanol project to be administered by the center for industrial research and service \$ 150,003

Sec. 5. ADMINISTRATIVE FUNDS. Notwithstanding section 53.14, not more than five hundred thousand (500,000) dollars of the funds in the energy research and development fund may be used for the administration of the energy programs funded under section 4, subsections 1 through 4 of this Act.

Sec. 6. REQUEST TO MODIFY COURT ORDER. The administrator of the energy and geological resources division of the department of natural resources, in collaboration with the attorney general, shall request the federal court to modify its order in the case involving Exxon Corporation to allow use of the moneys deposited in the energy conservation trust fund, established in section 93.11, to defray the costs associated with the federal court case and with administering the distribution of the moneys in the fund and to allow the use of the moneys in the fund in a manner fully consistent with achieving the energy conservation goals of this Act.

Sec. 7. FUTURE REPEAL. Section 93.11, Code 1985, is repealed effective July 1, 1992.

Sec. 8. FUND CARRYOVER. Notwithstanding section 8.33, all unencumbered or unobligated moneys remaining from the funds which were apportioned to this state under Pub. L. No. 97-377 and which were appropriated under 1983 Iowa Acts chapter 219, section 5, and under 1983 Iowa Acts, chapter 702,

section 21, as well as any interest accrued in the petroleum overcharge fund through June 30, 1986 are appropriated to the energy policy council or its successor agency to continue the programs established under 1983 Iowa Acts, chapter 207, section 5, as amended by 1985 Iowa Acts, chapter 265, sections 3 and 4, and under 1983 Iowa Acts, chapter 202, section 21, during the fiscal year beginning July 1, 1986,

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2305, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1986

TERRY E. BRANSTAD
Governor

S.F. 2305

HOUSE CONCURRENT RESOLUTION NO. 133

A CONCURRENT RESOLUTION

RELATING TO THE BOARD OF REGENTS' TEN-YEAR BUILDING PROGRAM
AND PROVIDING FOR THE PURCHASE OF EQUIPMENT.

WHEREAS, pursuant to section 262A.3, the state board of regents prepared and within seven days after the convening of the Seventy-first General Assembly of the State of Iowa, Second Session, submitted to the Seventy-first General Assembly, Second Session, for approval the proposed ten-year building program for each institution of higher learning under the jurisdiction of the board, containing a list of the buildings and facilities which the board deems necessary to further the educational objectives of the institutions, together with an estimate of the cost of each of the buildings and facilities and an estimate of the maximum amount of bonds which the board expects to issue under chapter 262A for the fiscal year beginning July 1, 1986, and ending June 30, 1987; and

WHEREAS, the projects contained in the building program are deemed necessary for the proper performance of the instructional, research, and service functions of the institutions; and

WHEREAS, section 262A.4 provides that the state board of regents, after authorization by a constitutional majority of each house of the General Assembly and approval by the Governor, may undertake and carry out at the institutions of higher learning under the jurisdiction of the board any project as defined in chapter 262A; and

WHEREAS, chapter 262A authorizes the state board of regents to borrow money and to issue and sell negotiable revenue bonds to pay all or any part of the cost of carrying out projects at any institution payable solely from and secured by an irrevocable pledge of a sufficient portion of the student fees and charges and institutional income received by the particular institution; and

WHEREAS, to further the educational objectives of the institutions, the state board of regents requests authorization to undertake and carry out certain projects at this time and to finance their cost by borrowing money and issuing negotiable bonds under chapter 262A in a total amount not to exceed five million (5,000,000) dollars, the remaining cost of the projects to be financed by capital appropriations or by federal or other funds lawfully available; NOW
THEREFORE,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, THE SENATE CONCURRING, That the proposed ten-year building program submitted by the state board of regents for each institution of higher learning under its jurisdiction is approved; and

BE IT FURTHER RESOLVED, That no commitment is implied or intended by approval to fund any portion of the proposed ten-year building program submitted by the state board of regents beyond the portion that is approved by the Seventy-first General Assembly, Second Session, and the Governor; and

BE IT FURTHER RESOLVED, That during the fiscal year which commences July 1, 1986, and which ends June 30, 1987, the maximum amount of bonds which the state board of regents expects to issue under chapter 262A unless additional bonding is authorized is five million (5,000,000) dollars, all or any part of which may be issued during the fiscal year ending June 30, 1987, and if all that amount should not be issued during the fiscal year ending June 30, 1987, any remaining balance may be issued during the fiscal year ending June 30, 1988, and this plan of financing is approved; and

BE IT FURTHER RESOLVED, That the state board of regents is authorized to undertake and carry out the following projects and to pay all or any part of the cost of carrying out the projects by borrowing money and issuing negotiable revenue bonds under chapter 262A in a total amount not to exceed five million (5,000,000) dollars:

State University of Iowa

Biotechnology equipment

Laser science and engineering equipment

Cost of issuance of bonds

Iowa State University of Science and Technology

Biotechnology equipment

Microelectronics equipment

Cost of issuance of bonds

University of Northern Iowa

Instructional, research, and computational equipment

Cost of issuance of bonds

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this resolution originated in the House and is known as House Concurrent Resolution 133, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE CONCURRENT RESOLUTION NO. 134

A CONCURRENT RESOLUTION

RELATING TO THE BOARD OF REGENTS' TEN-YEAR BUILDING PROGRAM
AND PROVIDING FOR GILMAN HALL REMODELING, PHASE II, AT
IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY.

WHEREAS, pursuant to section 262A.3, the state board of regents prepared and within seven days after the convening of the Seventy-first General Assembly of the State of Iowa, Second Session, submitted to the Seventy-first General Assembly, Second Session, for approval the proposed ten-year building program for each institution of higher learning under the jurisdiction of the board, containing a list of the buildings and facilities which the board deems necessary to further the educational objectives of the institutions, together with an estimate of the cost of each of the buildings and facilities and an estimate of the maximum amount of bonds which the board expects to issue under chapter 262A for the fiscal year beginning July 1, 1986, and ending June 30, 1987; and

WHEREAS, the projects contained in the building program are deemed necessary for the proper performance of the instructional, research, and service functions of the institutions and for fire and environmental safety purposes of the institutions; and

WHEREAS, section 262A.4 provides that the state board of regents, after authorization by a constitutional majority of each house of the General Assembly and approval by the Governor, may undertake and carry out at the institutions of higher learning under the jurisdiction of the board any project as defined in chapter 262A; and

WHEREAS, chapter 262A authorizes the state board of regents to borrow money and to issue and sell negotiable revenue bonds to pay all or any part of the cost of carrying out projects at any institution payable solely from and secured by an

irrevocable pledge of a sufficient portion of the student fees and charges and institutional income received by the particular institution; and

WHEREAS, to further the educational objectives of the institutions, the state board of regents requests authorization to undertake and carry out a certain project at this time and to finance its cost by borrowing money and issuing negotiable bonds under chapter 262A in a total amount not to exceed five million four hundred thousand (**5,400,000**) dollars, the remaining cost of the project to be financed by capital appropriations or by federal or other funds lawfully available; **NOW THEREFORE**,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, THE SENATE CONCURRING, That the proposed ten-year building program submitted by the state board of regents for each institution of higher learning under its jurisdiction is approved; and

BE IT FURTHER RESOLVED, That no commitment is implied or intended by approval to fund any portion of the proposed ten-year building program submitted by the state board of regents beyond the portion that is approved by the Seventy-first General Assembly, Second Session, and the Governor; and

BE IT FURTHER RESOLVED, That during the fiscal year which commences July 1, 1986, and which ends June 30, 1987, the maximum amount of bonds which the state board of regents expects to issue under chapter 262A unless additional bonding is authorized is five million four hundred thousand (5,400,000) dollars, all or any part of which may be issued during the fiscal year ending June 30, 1987, and if all that amount should not be issued during the fiscal year ending June 30, 1987, any remaining balance may be issued during the fiscal year ending June 30, 1988, and this plan of financing is approved; and

BE IT FURTHER RESOLVED, That the state board of regents is authorized to undertake and carry out the Gilman hall remodeling -- phase II at Iowa state university of science and

House Concurrent Resolution 134, p. 3

technology and to pay all or any part of the cost of carrying out the project: by borrowing money and issuing negotiable revenue bonds under chapter **262A** in a total amount not to exceed five million four hundred thousand (5,400,000) dollars.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this resolution originated in the House and is known as House Concurrent Resolution 134, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE CONCURRENT RESOLUTION NO. 135

A CONCURRENT RESOLUTION

RELATING TO THE BOARD OF REGENTS' TEN-YEAR BUILDING PROGRAM AND PROVIDING FOR THE CONSTRUCTION AND EQUIPPING OF A CLASSROOM/OFFICE BUILDING AT THE UNIVERSITY OF NORTHERN IOWA.

WHEREAS, pursuant to section 262A.3, the state board of regents prepared and within seven days after the convening of the Seventy-first General Assembly of the State of Iowa, Second Session, submitted to the Seventy-first General Assembly, Second Session, for approval the proposed ten-year building program for each institution of higher learning under the jurisdiction of the board, containing a list of the buildings and facilities which the board deems necessary to further the educational objectives of the institutions, together with an estimate of the cost of each of the buildings and facilities and an estimate of the maximum amount of bonds which the board expects to issue under chapter 262A for the fiscal year beginning July 1, 1986, and ending June 30, 1987; and

WHEREAS, the projects contained in the building program are deemed necessary for the proper performance of the instructional, research, and service functions of the institutions and for economic development for this state; and

WHEREAS, section 262A.4 provides that the state board of regents, after authorization by a constitutional majority of each house of the General Assembly and approval by the Governor, may undertake and carry out at the institutions of higher learning under the jurisdiction of the board any project as defined in chapter 262A; and

WHEREAS, chapter 262A authorizes the state board of regents to borrow money and to issue and sell negotiable revenue bonds to pay all or any part of the cost of carrying out projects at any institution payable solely from and secured by an

irrevocable pledge of a sufficient portion of the student fees and charges and institutional income received by the particular institution; and

WHEREAS, to further the educational objectives of the institutions, the state board of regents requests authorization to undertake and carry out a certain project at this time and to finance its cost by borrowing money and issuing negotiable bonds under chapter 262A in a total amount not to exceed ten million two hundred thousand (10,200,000) dollars, the remaining cost of the project to be financed by capital appropriations or by federal or other funds lawfully available; NOW THEREFORE.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, THE SENATE CONCURRING, That the proposed ten-year building program submitted by the state board of regents for each institution of higher learning under its jurisdiction is approved; and

BE IT FURTHER RESOLVED, That no commitment is implied or intended by approval to fund any portion of the proposed ten-year building program submitted by the state board of regents beyond the portion that is approved by the Seventy-first General Assembly, Second Session, and the Governor; and

BE IT FURTHER RESOLVED, That during the fiscal year which commences July 1, 1986, and which ends June 30, 1987, the maximum amount of bonds which the state board of regents expects to issue under chapter 262A unless additional bonding is authorized is ten million two hundred thousand (10,200,000) dollars, all or any part of which may be issued during the fiscal year ending June 30, 1987, and if all that amount should not be issued during the fiscal year ending June 30, 1987, any remaining balance may be issued during the fiscal year ending June 30, 1988, and this plan of financing is approved; and

BE IT FURTHER RESOLVED, That the state board of regents is authorized to undertake and carry out the construction and equipping of a classroom/office building at the university of

northern Iowa and to pay all or any part of the cost of carrying out the project by borrowing money and issuing negotiable revenue bonds under chapter **262A** in a total amount not to exceed ten million two hundred thousand (**10,200,000**) dollars.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this resolution originated in the House and is known as House Concurrent Resolution 135, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE CONCURRENT RESOLUTION NO. 136

A CONCURRENT RESOLUTION

RELATING TO THE BOARD OF REGENTS' TEN-YEAR BUILDING PROGRAM
AND PROVIDING FOR THE CHEMISTRY-BOTANY REMODELING, PHASE
II AT THE UNIVERSITY OF IOWA.

WHEREAS, pursuant to section 262A.3, the state board of regents prepared and within seven days after the convening of the Seventy-first General Assembly of the State of Iowa, Second Session, submitted to the Seventy-first General Assembly, Second Session, for approval the proposed ten-year building program for each institution of higher learning under the jurisdiction of the board, containing a list of the buildings and facilities which the board deems necessary to further the educational objectives of the institutions, together with an estimate of the cost of each of the buildings and facilities and an estimate of the maximum amount of bonds which the board expects to issue under chapter 262A for the fiscal year beginning July 1, 1986, and ending June 30, 1987; and

WHEREAS, the projects contained in the building program are deemed necessary for the proper performance of the instructional, research, and service functions of the institutions and for fire and environmental safety purposes of the institutions; and

WHEREAS, section 2628.4 provides that the state board of regents, after authorization by a constitutional majority of each house of the General Assembly and approval by the Governor, may undertake and carry out at the institutions of higher learning under the jurisdiction of the board any project as defined in chapter 262A; and

WHEREAS, chapter 262A authorizes the state board of regents to borrow money and to issue and sell negotiable revenue bonds to pay all or any part of the cost of carrying out projects at any institution payable solely from and secured by an

irrevocable pledge of a sufficient portion of the student fees and charges and institutional income received by the particular institution; and

WHEREAS, to further the educational objectives of the institutions, the state board of regents requests authorization to undertake and carry out a certain project at this time and to finance its cost by borrowing money and issuing negotiable bonds under chapter 262A in a total amount not to exceed eight million five hundred fifty thousand (8,550,000) dollars, the remaining cost of the project to be financed by capital appropriations or by federal or other funds lawfully available; NOW THEREFORE,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, THE SENATE CONCURRING, That the proposed ten-year building program submitted by the state board of regents for each institution of higher learning under its jurisdiction is approved; and

BE IT FURTHER RESOLVED, That no commitment is implied or intended by approval to fund any portion of the proposed ten-year building program submitted by the state board of regents beyond the portion that is approved by the Seventy-first General Assembly, Second Session, and the Governor; and

BE IT FURTHER RESOLVED, That during the fiscal year which commences July 1, 1986, and which ends June 30, 1987, the maximum amount of bonds which the state board of regents expects to issue under chapter 262A unless additional bonding is authorized is eight million five hundred fifty thousand (8,550,000) dollars, all or any part of which may be issued during the fiscal year ending June 30, 1987, and if all that amount should not be issued during the fiscal year ending June 30, 1987, any remaining balance may be issued during the fiscal year ending June 30, 1988, and this plan of financing is approved; and

BE IT FURTHER RESOLVED, That the state board of regents is authorized to undertake and carry out the chemistry-botany remodeling -- phase II at the state university of Iowa and to

pay all or any part of the cost of carrying out the project by borrowing money and issuing negotiable revenue bonds under chapter 262A in a total amount not to exceed eight million five hundred fifty thousand (8,550,000) dollars.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this resolution originated in the House and is known as House Concurrent Resolution 136, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

NEW UNNUMBERED PARAGRAPH. The board shall not correct an error resulting from a property owner's or taxpayer's inaccuracy in reporting or failure to comply with section 441.19.

HOUSE FILE 714

AN ACT

RELATING TO THE FILING OF A PROTEST BECAUSE OF A CLERICAL OR MATHEMATICAL ERROR HAVING BEEN MADE IN THE ASSESSMENT OF A PERSON'S PROPERTY.

DONALD D. AVENSON
Speaker of the House

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

ROBERT T. ANDERSON
President of the Senate

Section 1. Section 441.37, Code 1985, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. A property owner or aggrieved taxpayer who finds that a clerical or mathematical error has been made in the assessment of the owner's or taxpayer's property may file a protest against that assessment in the same manner as provided in this section, except that the protest may be filed for previous years. The board may correct clerical or mathematical errors for any assessment year in which the taxes have not been fully paid or otherwise legally discharged.

I hereby certify that this bill originated in the House and is known as House File 714, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

NEW UNNUMBERED PARAGRAPH. Upon the determination of the board that a clerical or mathematical error has been made the board shall take appropriate action to correct the error and notify the county auditor of the change in the assessment as a result of the error and the county auditor shall make the correction in the assessment and the tax list in the same manner as provided in section 443.6.

TERRY E. BRANSTAD
Governor

HD 714

HOUSE FILE 717

AN ACT

RELATING TO THE PURCHASE OF MOTOR FUEL BY A REGIONAL TRANSIT SYSTEM, PROVIDING FOR A TAX REFUND, AND PROVIDING PENALTIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 324.2, Code 1985, is amended by adding the following new subsections:

NEW SUBSECTION. 8. "Urban transit system" means Iowa urban transit system as defined in section 324.57, subsection 9.

NEW SUBSECTION. 9. "Regional transit system" means regional transit system as defined in section 324.57, subsection 11.

Sec. 2. Section 324.3, subsection 4, Code 1985, is amended to read as follows:

4. Motor fuel used in the operation of an Iowa urban transit system ~~or regional transit system~~. Any However, fuel sold to an Iowa urban transit system ~~or regional transit system~~ which is used for a purpose other than as specified in section 324.57, ~~subsections subsection 9 and 11~~, is not exempt from the tax.

Sec. 3. Section 324.3, subsection 5, unnumbered paragraphs 1 and 2, Code 1985, are amended to read as follows:

Motor fuel sold to a regional transit system, the state, any of its agencies, or to any political subdivision of the state, which is used for a purpose specified in section 324.57, subsection 11 or for public purposes and delivered into any size of storage tank owned or used exclusively by a regional transit system, the state, any of its agencies, or a political subdivision of the state. The department of revenue shall issue exemption certificate forms to a regional transit

system, the state, its agencies, and political subdivisions of the state, or a regional transit system, the state, any of its agencies, or a political subdivision of the state, or a licensed motor fuel distributor may provide its own certificate of exemption in the form prescribed by the director, to a distributor or dealer to substantiate tax-exempt sales of motor fuel under this subsection. The certificate of exemption shall state that all of the motor fuel delivered into the storage tank shall be used for a purpose specified in section 324.57, subsection 11, or be used for public purposes.

Motor fuel shall be sold tax paid to a regional transit system, the state of Iowa, any of its agencies, or to any political subdivision of the state, including motor fuel sold for the transportation of pupils of approved public and nonpublic schools by a contract carrier who contracts with the public school under section 285.5 for the transportation of public and nonpublic school pupils under chapter 285, unless the motor fuel is delivered into storage tanks and exempt under subsection 5. Tax on fuel which is used for a purpose specified in section 324.57, subsection 11 or for public purposes is subject to refund, including tax paid on motor fuel sold for the transportation of school pupils of approved public and nonpublic schools by a contract carrier who contracts with the public school under section 285.5 for the transportation of public and nonpublic school pupils under chapter 285. Claims for ~~refunds~~ will shall be filed with the department on a quarterly basis and the director shall not grant a refund of motor fuel or special fuel tax where a claim is not filed within one year from the date the tax was due. The claim shall contain the number of gallons purchased, the calculation of the amount of motor fuel and special fuel tax subject to refund and any other information required by the department necessary to process the refund.

Sec. I. Section 324.33, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 9. "Urban transit system" means Iowa urban transit system as defined in section 324.51, subsection 9.

NEW SUBSECTION. 10. "Regional transit system" means regional transit system as defined in section 324.57, subsection 11.

Sec. 5. Section 324.35, unnumbered paragraphs 2, 3, and 4, Code 1985, are amended to read as follows:

Tax on special fuel sold to a regional transit system, the state of Iowa, any of its agencies, or any political subdivisions of the state where if the fuel is used for a purpose specified in section 324.51, subsection 11 or for public purposes is subject to refund, including tax paid on special fuel sold for the transportation of school pupils of approved public and nonpublic schools by a contract carrier who contracts with the public school under section 285.5 for the transportation of public and nonpublic school pupils under chapter 285. Claims shall be filed in accordance with the claims for motor fuel tax refunds provided by section 324.3.

No tax is imposed under this division on special fuel used in the operation of an Iowa urban transit system ~~at-regianaf transit-system~~, except that any special fuel sold to an Iowa urban transit system ~~or-regional-transit-system~~, which is used for any purpose other than as specified in section 324.51, ~~subsections subsection 9 and 11~~, is not exempt from the tax.

A tax shall not be imposed under this division and sections 324.34, 324.36, and 324.38 are not applicable if special fuel is sold to the state, any of its agencies, ~~an-fawn-arban transit-system~~, a regional transit system, or a political subdivision of the state when the special fuel is delivered into storage tanks, regardless of size, and all of the special fuel is used for public purposes or for a purpose specified in section 324.57, subsection 11.

Sec. 6. Section 805.8, subsection 2, paragraph p, Code 1985, is amended by striking the paragraph.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 717, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 764

AN ACT
RELATING TO UNPAID TAXES, TAX CREDITS AND ENFORCEMENT OF
TAXES ADMINISTERED BY THE DEPARTMENT OF REVENUE, MAKING
AN APPROPRIATION, AND PROVIDING CIVIL AND CRIMINAL
PENALTIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Sections 1 through 4 of this Act may be cited as the "Iowa Tax Amnesty Act".

Sec. 2. DEFINITIONS. When used in sections 1 through 4 of this Act, unless the context otherwise requires:

1. "Department" means the department of revenue.
2. "Taxpayer" means a person, corporation or other entity subject to any tax imposed by a law of this state, payable to this state, and administered by the department pursuant to chapter 98, 324, 324A, 422, 422A, 423, 450, 450A, 4508, or 451.
3. "Director" means the director of the department.

Sec. 3. AMNESTY PROGRAM.

1. The director shall establish a tax amnesty program. The amnesty program shall apply to tax liabilities delinquent as of December 31, 1985, including tax on returns not filed, tax liabilities on the books of the department as of December 31, 1985, or tax liabilities not reported nor established but delinquent as of December 31, 1985. For a taxpayer who has a tax liability, the director shall accept cash, certified check, cashier's check or money order for the full amount of the tax liability.

2. The amnesty program shall be for a period from September 2, 1986 through October 31, 1986 for any tax liabilities which are delinquent as of December 31, 1985.

3. The amnesty program shall provide that upon written application by a taxpayer and payment by the taxpayer of amounts due from the taxpayer to this state for a tax covered by the amnesty program plus interest equal to fifty percent of the interest that would have been owed through December 31, 1985, the department shall not seek to collect any other interest or penalties which may be applicable and the department shall not seek civil or criminal prosecution for a taxpayer for the period of time for which amnesty has been granted to the taxpayer. Failure to pay all taxes delinquent as of December 31, 1985 and due to this state except those adjustments made pursuant to a federal audit completed after the effective date of this Act shall invalidate any amnesty granted pursuant to this Act. Amnesty shall be granted for only the taxable periods specified in the application and only if all amnesty conditions are satisfied by the taxpayer.

4. Amnesty shall not be granted to a taxpayer who is a party to an active criminal investigation or to a criminal litigation which is pending in a district court, the court of appeals, or the supreme court of this state for nonpayment or fraud in relation to any state tax imposed by a law of this state.

5. The director shall prepare and make available amnesty application forms which contain requirements for approval of an application. The director may deny any application inconsistent with sections 1 through 4 of this Act.

Sec. 4. Sections 1 through 3 of this Act are exempt from the rulemaking process of the Iowa administrative procedure Act.

Sec. 5. Section 98.13, subsection 2, Code 1985, is amended to read as follows:

2. ISSUANCE.

a. The department shall issue state permits to distributors, wholesalers, and cigarette vendors subject to the conditions provided in this division. Cities may issue

retail permits to dealers within their respective limits. County boards of supervisors may issue retail permits to dealers in their respective counties, outside of the corporate limits of cities. Upon issuance of a retail permit by a city council or board of supervisors, the council or board shall forthwith certify to the department the action taken.

b. The department may deny the issuance of a permit to a distributor, wholesaler, vendor or retailer who is substantially delinquent in the payment of a tax due, or the interest or penalty on the tax, administered by the department at the time of application. If the applicant is a partnership, a permit may be denied if a partner is substantially delinquent on any delinquent tax, penalty or interest. If the applicant is a corporation, a permit may be denied if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax, interest or penalty of the applicant corporation.

Sec. 6. Section 98.22, subsection 1, Code 1985, is amended to read as follows:

1. If any a person holding a permit issued by the department under this division, including a retailer permit for railway car, has willfully violated the provisions of section 98.2, the department shall revoke the permit issued to the person upon notice and hearing. If the person violates any other provision of this division, or any a rule promulgated adopted under this division, or is substantially delinquent in the payment of a tax administered by the department or the interest or penalty on the tax, or if the person is a corporation and if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax of the permit-holding corporation, or interest or penalty on the tax, administered by the department, the department may revoke the permit issued to the person, after giving the permit holder an opportunity

to be heard upon ten days' written notice stating the reason for the contemplated revocation and the time and place at which the person may appear and be heard. The hearing shall be held in the county of the permit holder's place of business, or in a county in or through which it transacts business. The notice shall be given by mailing a copy by certified mail to the permit holder's place of business as the ~~same~~ it appears on the application for a permit. If, upon hearing, the department finds that the violation has occurred, the department may revoke the permit.

Sec. 7. Section 90.28, Code 1985, is amended to read as follows:

98.28 ASSESSMENT OF TAX BY DEPARTMENT -- INTEREST -- PENALTY.

If after any audit, examination of records, or Other investigation the department finds that any person has sold cigarettes without stamps affixed thereto as required by this division or that any person has failed to pay at least ninety percent of any tax imposed upon the person, the department shall fix and determine the amount of tax due, and shall assess the tax against the person, together with a penalty of five seven and one-half percent of the amount of the tax, except as provided in section 421.27. The taxpayer shall pay interest on the tax or additional tax at the rate determined under section 421.7 counting each fraction of a month as an entire month, computed from the date the tax was due. If any person fails to furnish evidence satisfactory to the director showing purchases of sufficient stamps to stamp unstamped cigarettes purchased by the person, the presumption shall be that the cigarettes were sold without the proper stamps affixed thereto. Within two years after the return is filed or within two years after the return became due, whichever is later, the department shall examine it and determine the correct amount of tax.

Sec. 8. Section 98.29, Code 1985, is amended to read as follows:

98.29 NOTICE AND APPEAL.

The department shall notify any person assessed pursuant to section 98.28 by sending a written notice of such the determination and assessment by certified mail to the principal place of business of such the person as shown on the person's application for permit, if any, and in case no such application was filed by such the person, to the person's last known address. A determination by the department of the amount of tax, penalty, and interest due, or the amount of refund for excess tax paid, is final unless the person aggrieved by the determination appeals to the director for a revision of the determination within thirty days from the postmark date of the notice of determination of tax, penalty, and interest or refund owing. The director shall grant a hearing and upon the hearing, the director shall determine the correct tax, penalty, and interest or refund due and notify the appellant of the decision by certified mail. Judicial review of action of the department director may be sought in accordance with the terms of the Iowa administrative procedure Act and section 422.29.

Sec. 9. Section 98.46, subsection 6, Code 1985, is amended to read as follows:

6. The director in issuing the final assessment pursuant to subsection 3 shall add to the amount of tax found due and unpaid a penalty of five seven and one-half percent of the tax if less than ninety percent of the tax has been paid, except as provided in section 421.27, except that, if the director finds that the taxpayer has made a false and fraudulent return with intent to evade the tax imposed by this division, the penalty shall be fifty seventy-five percent of the entire tax as shown by the return as corrected. The director in assessing a tax on the basis of a return made pursuant to subsection 4 shall add to the amount of tax found due and

unpaid a penalty of fifty seventy-five percent of the tax. The penalty imposed under this subsection is not subject to waiver.

Sec. 10. Section 324.4, unnumbered paragraph 2, Code 1985, is amended to read as follows:

A license shall not be issued if the applicant is a foreign corporation, unless it is at the time properly qualified under the laws of this state to do business therein in this state. The department may deny the issuance of a license to an applicant who is substantially delinquent in the payment of a tax due, or the interest or penalty on the tax, administered by the department of revenue. If the applicant is a partnership, a license may be denied if a partner owes any delinquent tax, penalty or interest. If the applicant is a corporation, a license may be denied if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax, interest or penalty of the applicant corporation.

Sec. 11. Section 324.65, unnumbered paragraph 1, Code 1985, is amended to read as follows:

If a licensee or other person fails to remit at least ninety percent of the tax due with the filing of the return on or before the due date or pays less than ninety percent of any tax required to be shown on the return, there shall be added to the tax a penalty of five seven and one-half percent of the amount of the tax due, except as provided in section 421.27. The penalty imposed under this section is not subject to waiver. The taxpayer shall also pay interest on the tax or additional tax at the rate in effect under section 421.7 counting each fraction of a month as an entire month, computed from the date the return was required to be filed.

Sec. 12. Section 324.65, unnumbered paragraph 2, Code 1985, is amended to read as follows:

The appropriate state agency shall not remit any part of a penalty for delinquent payment where the delinquency results

from the fact that a check given in payment is not honored because of insufficient funds in the account upon which the check was drawn. **However**, if it appears as a result of an investigation of from a preponderance of the evidence adduced at a hearing that there has been a deliberate attempt on the part of a licensee or other person to evade payment of fuel taxes there shall be added to the assessment against the offending person and collected a penalty of fifty seventy-five percent of the tax due. Any report required of licensees or persons operating under divisions I, 11 and 111, upon which no tax may be due, is subject to a penalty of ten dollars if the report is not timely filed with the appropriate state agency.

Sec. 13. Section 324.65, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If a licensee or other person sells the licensee's or other person's business or stock of goods or quits the business, the licensee or other person shall prepare a final return and pay all tax due within the time required by law. The immediate successor to the licensee or other person, if any, shall withhold sufficient of the purchase price, in money or money's worth, to pay the amount of any delinquent tax, interest or penalty due and unpaid. If the immediate successor of the business or stock of goods intentionally fails to withhold any amount due from the purchase price as provided in this paragraph, the immediate successor is personally liable for the payment of the taxes, interest and penalty accrued and unpaid on account of the operation of the business by the immediate former licensee or other person, except when the purchase is made in good faith as provided in section 421.28. However, a person **foreclosing** on a valid security interest or retaking possession of premises under a valid lease is not an "immediate successor" for purposes of this paragraph. The department may waive the liability of the immediate successor under this paragraph if the immediate successor exercised good faith in establishing the amount of the previous liability.

Sec. 14. Section 324.66, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The appropriate state agency shall administer the taxes imposed by this chapter in the same manner as and subject to ~~all-the-provisions-of~~ section 422.25, subsection 4 and section 422.52, subsection 3. Notwithstanding section 422.52, subsection 3, all special fuel licensees are required to file a bond with the director in an amount as established by the director.

Sec. 15. Section 324.63, unnumbered paragraph 1, Code 1985, is amended to **read** as follows:

If a licensee files a false report of the data or information required by this chapter, or fails, refuses, or neglects to file a report required by this chapter, or to pay the full amount of fuel tax as required by this chapter, or is substantially delinquent in paying a tax due, owing and administered by the department of revenue, and interest and penalty if appropriate, or if the person is a corporation and if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax of the licensee corporation, or interest or penalty on the tax, administered by the department, then after ten days' written notice by registered mail directed to the last known address of the licensee setting a time and place at which the licensee may appear and show cause why the license should not be canceled, and if the licensee fails to appear or if upon the hearing it is shown by a preponderance of the evidence that the failure to correctly report or pay was with intent to evade the tax, the appropriate state agency may cancel the license and shall notify the licensee of the cancellation by registered mail to the licensee's last known address.

Sec. 16. Section 421.7, subsection 2, Code 1985, is amended to read as follows:

2. The rate of interest that shall be in effect during a calendar year shall be the rate which is two-percentage-points less-than the numerical average, rounded to the nearest one percent, of the respective prime rates for each of the months in the twelve-month period that ends September 30 of the previous calendar year. The rate of interest established by this subsection takes effect January 1, and applies to any amount which is due or becomes payable on or after that date.

Sec. 17. Section 421.7, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 7. If a person files a purported return of tax which does not contain information on which the substantial correctness of the self-assessment may be judged or which contains information that on its face indicates that the self-assessment is substantially incorrect and the conduct previously referred to in this paragraph is due to a position which is frivolous or a desire which appears on the purported return to delay or impede the administration of the tax laws of this state, then the person shall pay a penalty of five hundred dollars. This penalty shall be in addition to any other penalty provided by law.

Sec. 18. Section 421.17, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. For any contested case, as defined in section 17A.2, commenced on or after the effective date of this Act, the person disputing the assessment must pay all tax, interest and penalty pertaining to the disputed assessment prior to the commencement of the contested case. Upon a showing of good cause, the hearing officer shall allow the person to post a bond in an amount established by the hearing officer, but not in excess of all tax, interest, and penalty, in lieu of paying all tax, interest and penalty.

The director shall adopt rules establishing procedures for payment of taxes under protest. If it is finally determined that the tax is not due in whole or in part, the department

shall refund the part of the tax payment which is determined not to be due together with interest on the amount of the refund at the rate as determined under section 421.7.

Sec. 19. NEW SECTION. 421.26 LIABILITY M R TAX DUE.

If a licensee or other person under section 324.65, a retailer or purchaser under section 422.52, or a retailer or purchaser under section 423.13 fails to pay a tax under those sections when due, any officer of a corporation or association, or any partner of a partnership, having control or supervision of or the authority for remitting the tax payments and having a substantial legal or equitable interest in the ownership of the corporation or partnership, who has intentionally failed to pay the tax is personally liable for the payment of the tax, interest and penalty due and unpaid. However, this section shall not apply to taxes on accounts receivable. The dissolution of a corporation, association or partnership shall not discharge a person's liability for failure to remit the tax due.

Sec. 20. NEW SECTION. 421.27 EXCEPTIONS FROM PENALTY PROVISIONS.

The penalty provided for failure to remit at least ninety percent of the tax due or of the tax due with the filing of the deposit form or return or to pay at least ninety percent of the tax required to be shown on the return under section 98.28, 98.46, 324.65, 422.16, 422.25, 422.58, 422.66, 423.18, 435.5, 450.63, 450A.12, or 451.12 shall not be assessed by the department under any of the following conditions:

1. The taxpayer voluntarily files an amended return and . pays all tax shown to be due on the return prior to any contact by the department.
2. The taxpayer provides written notification to the department of a federal audit while it is in progress and voluntarily files an amended return within sixty days of the final disposition of the federal government's audit.

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3. The return is timely, but erroneously, mailed with adequate postage to the internal revenue service or another state agency and the taxpayer provides proof of timely mailing with adequate postage.

4. The return is timely mailed with adequate postage to the department of revenue and the taxpayer provides proof of timely mailing with adequate postage.

5. The taxpayer presents proof that the taxpayer relied upon documented written erroneous advice from the department, county treasurer, or federal internal revenue service, whichever is appropriate.

Sec. 21. **NEW SECTION. 421.28** EXCEPTIONS TO SUCCESSOR LIABILITY.

The immediate successor to a licensee's or retailer's business or stock of goods under section 324.65, 422.52, or 423.13 is not personally liable for the amount of delinquent tax, interest, or penalty due and unpaid if the immediate successor shows that the purchase of the business or stock of goods was made in good faith that no delinquent tax, interest, or penalty was due and unpaid. For purposes of this section the immediate successor shows good faith by evidence that no tax liens were filed, that the department had informed the immediate successor that no delinquent tax, interest, or penalty is unpaid, or that the immediate successor had taken in good faith a certified statement from the licensee or retailer that no delinquent tax, interest, or penalty is unpaid. When requested to do so by a person with whom the licensee or retailer is negotiating the sale of the business or stock of goods, the director of revenue shall, upon being satisfied that such a situation exists, inform that person as to the amount of unpaid delinquent tax, interest, or penalty due by the licensee or the retailer. The giving of the information under this circumstance is not a violation of section 324.63, 422.20, or 422.72.

Sec. 22. Section 422.10, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state. For individuals, the credit shall equal six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of *the* qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to total qualified research expenditures. For purposes of this section, an individual may claim a research credit for qualifying research expenditures incurred by a partnership, subchapter S corporation, and estate or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of a partnership, subchapter S corporation, or estate or trust. For purposes of this section, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities ~~which would be allowable under section 30 of the Internal Revenue Code of 1954, as amended to and in effect on January 1, 1983 1985. The research activities credit is applicable for taxable years beginning after December 31, 1985 to the same extent that the credit is applicable for federal income tax purposes for taxable years beginning after December 31, 1985.~~

Sec. 23. Section 422.16, subsection 10, paragraph b, unnumbered paragraph 1, Code 1985, is amended to read as follows:

If any person or withholding agent fails to remit at least ninety percent of the tax due with the filing of the semimonthly, monthly, or quarterly deposit form on or before the due date, or pays less than ninety percent of any tax

required to be shown on the semimonthly, monthly, or quarterly deposit form, there shall be added to the tax a penalty of ten ~~fifteen~~ percent of the amount of the tax due, except as provided in section 421.27.

Sec. 24. Section 422.16, subsection 10, paragraph b, unnumbered paragraph 2, Code 1985, is amended to read as follows:

In the case of willful failure to file a semimonthly, monthly, or quarterly deposit form with intent to evade tax or willful filing of a false semimonthly, monthly, or quarterly deposit form with intent to evade tax, in lieu of the penalty otherwise provided in this paragraph, there is added to the amount required to be shown as tax on the semimonthly, monthly, or quarterly deposit form, ~~fifty~~ seventy-five percent of the amount of the tax. The taxpayer shall also pay interest on the tax or additional tax at the rate in effect under section 421.7, for each month counting each fraction of a month as an entire month, computed from the date the semimonthly, monthly, or quarterly deposit form was required to be filed. The penalty and interest become a part of the tax due from the withholding agent. The penalty imposed under this subsection is not subject to waiver.

Sec. 25. Section 422.16, subsection 14, Code 1985, is amended to read as follows:

14. The director may, when necessary and advisable in order to ~~secure~~ the collection of the tax required to be deducted and withheld or the amount actually deducted, whichever is greater, require a-nonresident an employer or withholding agent to file with the director a bond, issued by a surety company authorized to conduct business in this state and approved by the insurance commissioner as to solvency and responsibility, in ~~such an~~ amount as the director may fix, to secure the payment of the tax and penalty due or ~~which~~ may become due. In lieu of the bond, securities shall be kept in the custody of the department and may be sold by the director

at public or private sale, without notice to the depositor, if it becomes necessary to do so in order to recover any tax and penalty due. Upon any-such a sale, any surplus above the amounts due under this section shall be returned to the nonresident employer or withholding agent who deposited the securities.

Sec. 26. Section 422.25, subsection 2, Code 1985, is amended to read as follows:

2. In addition to the tax or additional tax determined by the department under subsector. 1, the taxpayer shall pay interest on the tax or additional tax at the rate in effect under section 421.7 for each month counting each fraction of a month as an entire month, computed from the date the return was required to be filed. If any person fails to remit at least ninety percent of the tax due with the filing of the return on or before the due date, or pays less than ninety percent of any tax required to be shown on the return, there shall be added to the tax a penalty of ~~five~~ five seven and one-half percent of the tax due, except as provided in section 421.27. In case of willful failure to file a return with intent to evade tax, or in case of willfully filing a false return with intent to evade tax, in lieu of the penalty otherwise provided in this subsection, there shall be added to the amount required to be shown as tax on the return ~~fifty~~ seventy-five percent of the amount of the tax. The penalty imposed under this subsection is not subject to waiver.

Sec. 21. Section 422.28, Code 1985, is amended to read as follows:

422.28 REVISION OF TAX.

A taxpayer may appeal to the director for revision of the tax, interest or penalties assessed at any time within ~~ninety~~ thirty days from the date of the notice of the assessment of tax, additional tax, interest or penalties. The director shall grant a hearing and if, upon the hearing, the director determines that the tax, interest or penalties are excessive

or incorrect, the director shall revise them according to the law and the facts and adjust the computation of the tax, interest or penalties accordingly. The director shall notify the taxpayer by registered mail of the result of the hearing and shall refund to the taxpayer the amount, if any, paid in excess of the tax, interest or penalties found by the director to be due, with interest after sixty days from the date of payment by the taxpayer at the rate in effect under section 421.7 for each month or a fraction of a month. The director may, on the director's own motion at any time, abate any portion of tax, interest or penalties which the director determines is excessive in amount, or erroneously or illegally assessed. The director shall prepare quarterly reports, which shall be included in the annual statistical reports required under section 422.75, summarizing each case in which an abatement of tax, interest or penalties was made under this section, but a report shall not disclose the identity of the taxpayer.

Sec. 28. Section 422.33, subsection 5, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state equal to six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to the total qualified research expenditures. For purposes of this subsection, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities computed which would be allowable under section 30 of the Internal Revenue Code of 1954, ~~as amended to and including in effect on~~ January 1, 1983

~~1985. The research activities credit is applicable for taxable years beginning after December 31, 1985 to the same extent that the credit is applicable for federal income tax purposes for taxable years beginning after December 31, 1985.~~

Sec. 29. Section 422.47, subsection 3, paragraph b, Code 1985, is amended to read as follows:

b. The sales tax liability for all sales of tangible personal property and all sales of services ~~shall be~~ is upon the seller and the purchaser ~~unless~~ the seller takes in good faith from the purchaser a valid exemption certificate stating under penalties for perjury that the purchase is for resale or for processing and is not a retail sale as defined in section 122.42, subsection 3. ~~Where~~ If the tangible personal property or services are purchased tax free pursuant to a valid exemption certificate which is taken in good faith by the seller, and the tangible personal property or services are used or disposed of by the purchaser in a nonexempt manner, the purchaser ~~shall be~~ is solely liable for the taxes and shall remit said the taxes directly to the department and sections 422.50, 422.51, 422.52, 422.54, 422.55, 422.56, 422.57, 422.58, and 422.59 shall apply to ~~such~~ the purchaser.

Sec. 30. Section 422.52, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 6. a. If a purchaser fails to pay tax imposed by this division to the retailer required to collect the tax, then in addition to all of the rights, obligations and remedies provided, the tax is payable by the purchaser directly to the department, and sections 422.50, 422.51, 422.52, 422.54, 422.55, 422.56, 422.57, 422.58 and 422.59 apply to the purchaser. For failure, the retailer and purchaser are liable, unless the circumstances described in subsections 422.47, subsection 3, paragraphs "b" and "e" are applicable.

b. If any retailer subject to this division sells the retailer's business or stock of goods or quits the business,

the retailer shall prepare a final return and pay all tax due within the time required by law. The immediate successor to the retailer, if any, shall withhold sufficient of the purchase price, in money or money's worth, to pay the amount of delinquent tax, interest or penalty due and unpaid. If the immediate successor of the business or stock of goods intentionally fails to withhold the amount due from the purchase price as provided in this paragraph, the immediate successor is personally liable for the payment of the delinquent taxes, interest and penalty accrued and unpaid on account of the operation of the business by the immediate former retailer, except when the purchase is made in good faith as provided in section 421.28. However, a person foreclosing on a valid security interest or retaking possession of premises under a valid lease is not an "immediate successor" for purposes of this paragraph. The department may waive the liability of the immediate successor under this paragraph if the immediate successor exercised good faith in establishing the amount of the previous liability.

c. A person sponsoring a flea market, or a craft, antique, coin, or stamp show or similar event shall obtain from every retailer selling tangible personal property or taxable services at the event proof that the retailer possesses a valid sales tax permit or secure from the retailer a statement, taken in good faith, that property or services offered for sale are not subject to sales tax. Failure to do so renders a sponsor of the event liable for payment of any sales tax, interest and penalty due and owing from any retailer selling property or services at the event. Sections 422.50, 422.51, 422.52, 422.54, 422.55, 422.56, 422.57, 422.58 and 422.59 apply to the sponsors. For purposes of this paragraph a person sponsoring a flea market, or a craft, antique, coin or stamp show or similar event does not include an organization which sponsors an event less than three times a year or a state, county or district agricultural fair.

Sec. 31. Section 422.53, subsections 2 and 5, Code 1985, are amended to read as follows:

2. The applicant must have a permit for each place of business. The department may deny a permit to an applicant who is substantially delinquent in paying a tax due, or the interest or penalty on the tax, administered by the department at the time of application. If the applicant is a partnership, a permit may be denied if the partner is substantially delinquent in paying any delinquent tax, penalty or interest. If the applicant is a corporation, a permit may be denied if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax, penalty or interest of the applicant corporation.

5. If the holder of a permit fails to comply with any of the provisions of this division or any orders or rules of the department adopted under this division or is substantially delinquent in the payment of a tax administered by the department or the interest or penalty on the tax, or if the person is a corporation and if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax of the permit-holding corporation, or interest or penalty on the tax, administered by the department, the director upon hearing after giving ten days' notice of the time and place of the hearing to show cause why the permit should not be revoked, may revoke the permit. The director may restore permits after revocation. The director shall adopt rules setting forth the period of time a retailer must wait before a permit may be restored or a new permit may be issued. The waiting period shall not exceed ninety days from the date of the revocation of the permit.

Sec. 32. Section 422.58, subsection 1, Code 1985, is amended to read as follows:

1. If a person or permit holder fails to remit at least ninety percent of the tax due with the filing of the

semimonthly or monthly tax deposit form or return on or before the due date, or pays less than ninety percent of any tax required to be shown on the return, excepting the period between the completion of an examination of the books and records of a taxpayer and the giving of notice to the taxpayer that a tax or additional tax is due, there shall be added to the tax a penalty of ten fifteen percent of the amount of the tax due, except as provided in section 421.27. In case of willful failure to file a semimonthly or monthly tax deposit form or return, willful filing of a false semimonthly or monthly tax deposit form or return or willful filing of a false or fraudulent semimonthly or monthly tax deposit form or return with intent to evade tax, in lieu of the penalty otherwise provided in this subsection, there shall be added to the amount required to be shown as tax on the semimonthly or monthly tax deposit form or return fifty seventy-five percent of the amount of the tax. The taxpayer shall also pay interest on the tax or additional tax at the rate in effect under section 421.7 for each month counting each fraction of a month as an entire month, computed from the date the semimonthly or monthly tax deposit form or return was required to be filed. The penalty and interest shall be paid to the department and disposed of in the same manner as other receipts under this division. Unpaid penalties and interest ~~may~~ be enforced in the same manner as the tax imposed by this division. The penalty imposed under this subsection is not subject to waiver.

Sec. 33. Section 422.58, subsection 2, Code 1985, is amended to read as follows:

2. a. Any person who shall knowingly ~~sell~~ sells tangible personal property, tickets or admissions to places of amusement and athletic events, or gas, water, electricity, and communication service at retail, or engage engages in the rendering, furnishing, or performing of services enumerated in section 422.43, in this state without procuring a permit, as

provided in section 422.53, or who ~~shall violate the~~ provisions of violates section 422.49, and the officers of any corporation who shall ~~so act; shall be~~ acts is guilty of a ~~simple~~ serious misdemeanor.

b. Any A person who shall knowingly ~~sell~~ sells tangible personal property, tickets or admissions to places of amusement and athletic events, or gas, water, electricity, and communication service at retail, or engage engages in the rendering, furnishing, or performing of services enumerated in section 422.43, in this state after the person's license shall ~~have has~~ been revoked and before it has been restored as provided in section 422.53, subsection 5 and the officers of any corporation who ~~shall~~ so act ~~shall be~~ are guilty of a ~~serious~~ an aggravated misdemeanor.

Sec. 34. Section 423.9, unnumbered paragraph 1, Code 1985, is amended to read as follows:

Every retailer maintaining a place of business in this state and making sales of tangible personal property for use in this state, not exempted under the provisions of section 423.4 nor collectible under the provisions of section 423.7, shall at the time of making ~~such the~~ sales, whether within or without the state, collect the tax imposed by this chapter from the purchaser, and give to the purchaser a receipt therefor for the tax in the manner and form prescribed by the director, if the director shall, by ~~regulation; require such~~ rules requires a receipt. Each such retailer shall list with the department the name and address of all the retailer's agents operating in this state, and the location of any- and . all the retailer's distribution or sales houses or offices or other places of business in this state. The department may deny the issuance of a permit to a retailer who is substantially delinquent in paying a tax due, or the interest or penalty on the tax, administered by the department at the time of application. If the applicant is a partnership, a permit may be denied if a partner owes any delinquent tax,

penalty or interest. If the applicant is a corporation, a permit may be denied if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax, penalty or interest of the applicant corporation.

Sec. 35. Section 423.13, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If a retailer sells the retailer's business or stock of goods or quits the business, the retailer shall prepare a final return and pay all tax due within the time required by law. The immediate successor to the retailer, if any, shall withhold sufficient of the purchase price, in money or money's worth, to pay the amount of delinquent tax, interest or penalty due and unpaid. If the immediate successor of the business or stock of goods intentionally fails to withhold the amount due from the purchase price as provided in this paragraph, the immediate successor is personally liable for the payment of delinquent taxes, interest and penalty accrued and unpaid on account of the operation of the business by the immediate former retailer, except when the purchase is made in good faith as provided in section 421.28. However, a person foreclosing on a valid security interest or retaking possession of premises under a valid lease is not an "immediate successor" for purposes of this paragraph. The department may waive the liability of the immediate successor under this paragraph if the immediate successor exercised good faith in establishing the amount of the previous liability.

Sec. 36. Section 423.18, subsection 1, Code 1985, is amended to read as follows:

1. If a person or permit holder fails to remit at least ninety percent of the tax due with the filing of the monthly deposit form or return on or before the due date, or pays less than ninety percent of any tax required to be shown on the monthly deposit form or return, excepting the period between

the completion of an examination of the books and records of a taxpayer and the giving of notice to the taxpayer that a tax or additional tax is due, there shall be added to the tax a penalty of five seven and one-half percent of the tax due, except as provided in section 421.27. For tax due under section 423.9, the penalty shall be ten percent. In case of willful failure to file a monthly deposit form or return, willfully filing a false monthly deposit form or return, or willfully filing a false or fraudulent monthly deposit form or return with intent to evade tax, in lieu of the penalty otherwise provided in this subsection, there shall be added to the amount required to be shown as tax on the monthly deposit form or return fifty seventy-five percent of the amount of the tax. The taxpayer shall also pay interest on the tax or additional tax at the rate in effect under section 421.7, **for** each month counting each fraction of a month as an entire month, computed from the date the monthly deposit form or return was required to be filed. The penalty and interest shall be paid to the department and disposed of in the same manner as other receipts under this chapter. Unpaid penalties and interest may be collected in the same manner as the tax imposed by this chapter. The penalty imposed under this subsection is not subject to waiver.

Sec. 37. Section 423.22, Code 1985, is amended to read as follows:

423.22 REVOKING PEWITS.

Whenever—any if a retailer maintaining a place of business in this state, or authorized to collect the tax herein imposed pursuant to section 423.10, fails to comply with any of the provisions of this chapter or any orders or rules prescribed and adopted under this chapter, or is substantially delinquent in the payment of a tax administered by the department or the interest or penalty on the tax, or if the person is a corporation and if any officer having a substantial legal or equitable interest in the ownership of the corporation owes

any delinquent tax of the permit-holding corporation, or interest or penalty on the tax, administered by the department, the director may, upon notice and hearing as hereinafter provided, by order revoke the permit, if any, issued to sack the retailer under section 422.53, or if sack the retailer is a corporation authorized to do business in this state under chapter 494, may certify to the secretary of state a copy of an order finding that sack the retailer has failed to comply with certain specified provisions, orders or rules. The secretary of state shall, upon receipt of such the certified copy, revoke the permit authorizing said the corporation to do business in this state, and shall issue a new permit only when such the corporation ~~shall have~~ has obtained from the director an order finding that such the corporation has complied with its obligations under this chapter. No order authorized in this section shall be made until the retailer is given an opportunity to be heard and to show cause why sack the order should not be made, and the retailer shall be given ten days' notice of the time, place, and purpose of such the hearing. The director may issue a new permit pursuant to section 422.53 after sack revocation. The preceding provision ~~shall apply~~ applies to users and persons supplying services enumerated in section 422.43.

Sec. 38. Section 435.5, Code 1985, is amended to read as follows:

435.5 PENALTY.

If any person fails to remit at least ninety percent of the tax due with the filing of the return on or before the due date, or pays less than ninety percent of the total amount of the tax due as shown on the return, there shall be added to the tax a penalty of five seven and one-half percent of the tax due, except as provided in section 421.27. In case of willful failure to file a return with intent to evade tax, or in case of willfully filing a false return with intent to evade tax, in lieu of the penalty above provided, there shall

be added to the amount required to be shown as tax on the return fifty seventy-five percent of the amount of the tax. The penalty imposed under this section is not subject to waiver.

Sec. 39. Section 450.63, subsection 2, Code 1985, is amended to read as follows:

2. If a person liable for the payment of tax as stated in section 450.5 fails to remit at least ninety percent of the tax due with the filing of the return on or before the due date or pays less than ninety percent of any tax required to be shown on the return, there shall be added to the tax a penalty of five seven and one-half percent of the amount of the tax due, except as provided in section 421.27. The penalty imposed under this subsection is not subject to waiver.

Sec. 40. Section 450.94, subsection 3, Code 1985, is amended to read as follows:

3. If the amount paid is greater than the correct tax, penalty and interest due, the department shall refund the excess, with interest after sixty days from the date of payment at the rate in effect under section 421.7, under the rules prescribed by the director. However, the director shall not allow a claim for refund or credit that has not been filed with the department within three years after the tax payment upon which a refund or credit is claimed became due, or one year after the tax payment was made, whichever time is the later. A determination by the department of the amount of tax, penalty and interest due, or the amount of refund for excess tax paid, is final unless the person aggrieved by the determination appeals to the director for a revision of the determination within ninety thirty days from the postmark date of the notice of determination of tax, penalty and interest due or refund owing. The director shall grant a hearing, and upon the hearing the director shall determine the correct tax, penalty and interest or refund due, and notify the appellant

of the decision by certified mail. The decision of the director is final unless the appellant seeks judicial review of the director's decision under section 450.59 within sixty days after the postmark date of the notice of the director's decision.

Sec. 41. Section 805.8, subsection 2, paragraph p, Code Supplement 1985, is amended by striking the paragraph.

Sec. 42. There is appropriated from the general fund of the state to the department of revenue for the fiscal year beginning July 1, 1985 and ending June 30, 1986 the sum of two hundred fifty thousand (250,000) dollars or so much thereof as necessary, to be used to administer this Act. There is also appropriated for the purpose of increasing the auditing and enforcement activities of the department, not to exceed an additional thirty-six full-time equivalent positions, the sum of one million (1,000,000) dollars, or so much thereof as is necessary. The department shall report the gross revenue collected under each tax pursuant to the amnesty program as soon as practicable after the close of the amnesty period but prior to February 1, 1987. The department shall also report its estimates of the additional revenue collected as a result of any increase in auditing and enforcement activities provided for under this appropriation. Notwithstanding section 8.33, moneys remaining of the appropriation under this section on June 30, 1986 shall not revert to the general fund.

Sec. 43. It is the intent of the general assembly in enacting the Iowa tax amnesty Act that the general assembly and the state shall not conduct another tax amnesty program prior to January 1, 2000.

Sec. 44. Sections 22 and 28 of this Act are retroactive to January 1, 1986 for tax years beginning on or after that date.

Sec. 45. Sections 5, 6, 7, 9, 10, 11, 12, 14, 15, 17, 20, 23, 24, 25, 26, 29, 31, 32, 34, 36, 37, 38, and 39 are effective January 1, 1987 for taxes due and payable on or after that date.

Sec. 46. Sections 8, 18, 27, and 40 are effective January 1, 1987 for assessments made on or after that date.

Sec. 47. This Act, except for sections 5 through 12, 14, 15, 17, 18, 20, 22, 23 through 29, 31, 32, 34, and 36 through 40, being deemed of immediate importance, takes effect from and after its publication in The Nevada Evening Journal, a newspaper published in Nevada, Iowa, and in The Toledo Chronicle, a newspaper published in Toledo, Iowa.

DONALD D. AVENSON
Speaker of the Eouse

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 764, Seventy-first General Assembly.

JOSEPE O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

515 281-5211

February 14, 1986

The Honorable Donald Avenson
Speaker
House of Representatives
State Capitol Building
L O C A L

Dear Mr. Speaker:

I hereby transmit House File 764, an act relating to unpaid taxes, tax credits and enforcement of taxes administered by the department of revenue, making an appropriation, and providing civil and criminal penalties.

House File 764 is approved February 14, 1986, with the following exception which I hereby disapprove.

I am unable to approve the item designated in Section 42, which reads as follows:

There **is** also appropriated for the purpose of increasing the auditing and enforcement activities of the department, not to exceed an additional thirty-six full-time equivalent positions, the sum of one million (1,000,000) dollars, or **so** much thereof as is necessary.

House File 764 establishes a tax amnesty program. The tax amnesty program will run from September 2, through October 31 of this year. The bill also provides for stiffer penalties for tax evaders following the amnesty period. An appropriation of \$250,000 **is** provided to the Department of Revenue to administer the program and an additional \$1,000,000 **is** appropriated in this fiscal year to hire up to an additional 36 tax collection agents.

The tax amnesty program **is** projected to provide the state with up to \$5,000,000 in additional revenue which was projected in the FY '87 budget. In addition, the tax evasion penalties and the \$250,000 appropriation are provided in order to successfully implement the amnesty program.

The Honorable Donald Avenson
February 14, 1986
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However, the \$1,000,000 appropriated by the General Assembly this fiscal year is untimely, unnecessary and excessive spending. Although appropriated this year, the funds could not be spent until after the amnesty period -- that is next fiscal year. Although a carryover of the funds is provided for, this appropriation would needlessly threaten to place the state's budget in the red this year.

Moreover, the budgets for both FY '86 and '87 fiscal years are extremely tight, with little discretionary funds available for additional expenditures. I question the need for an additional 36 revenue agents at a time when the state is working to reduce its payroll by over 960 positions.

I understand that other states have put in place additional revenue collection capabilities following an amnesty period. The stiffer tax evasion penalties in the bill should help with the enforcement effort. Reallocation may also be necessary to provide needed assistance to the Department. And I have indicated to legislators that I am willing to consider a modest appropriation to the Department in FY '87, if it can be done without putting the budget in the red.

For the above reasons, I hereby respectfully disapprove of this item in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 764 are hereby approved as of this date.

Very truly yours,



Terry E. Branstad
Governor

TEB/jrb

cc: Secretary of the Senate
Chief Clerk of the House
Secretary of the State

A resident or nonresident person required to have a hunting, ~~or fur harvester~~ or fur, fish and game license shall not hunt or trap unless the person carries a valid wildlife habitat stamp signed in ink with the person's signature across the face of the stamp. This section shall not apply to residents who are permanently disabled or who are younger than sixteen or older than sixty-five years of age. Special wildlife habitat stamps shall be administered in the same manner as hunting and fur harvester licenses except all revenue derived from the sale of the wildlife habitat stamps shall be used within the state of Iowa for habitat development and shall be deposited in the state fish and game protection fund. The revenue may be used for the matching of federal funds. The revenues and any matched federal funds shall be used for acquisition of land, leasing of **land** or obtaining of easements from willing sellers for use as wildlife habitats. Notwithstanding the exemption provided by section 421.1, any land acquired with the revenues and matched federal funds shall be subject to the full consolidated levy of property taxes which shall be paid from those revenues. In addition such revenue may be used for the development and enhancement of wildlife lands and habitat areas. Not less than fifty percent of all revenue from the sale of wildlife habitat stamps shall be used by the commission to enter into agreements with county conservation boards or other public agencies in order to carry out the purposes of this section. The state share of funding of those agreements provided by the revenue from the sale of wildlife habitat stamps shall not exceed seventy-five percent.

HOUSE FILE 2032

AN ACT

RELATING TO COMBINED HUNTING, FISHING, AND FUR HARVESTING LICENSES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 110.1, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION, 3A. Hunting, fishing, and fur harvesting combined licenses:

a. Annual fur, fish and game license for residents **\$28.50**

Sec. 2. Section 110.3, Code 1985, is amended to read as follows:

110.3 WILDLIFE HABITAT STAMP.

Sec. 3. Section 110.5, Code Supplement 1985, is amended to read as follows:

110.5 FUR HARVESTER LICENSE.

A fur harvester license or fur, fish and game license is required to hunt and to trap any fur-bearing animal. A hunting license is not required when hunting furbearers with a

fur harvester license. However, coyote and groundhog may be hunted with ~~either~~ a hunting, ~~or~~ a fur harvester or a fur, fish and game license.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2032, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the Eouse

Approved _____, 1986

TERRY E. BRANSTAD
Governor

NEW LETTERED PARAGRAPH. f. For filing **and** entering any statutory lien not specifically enumerated in this section, three dollars.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

HOUSE FILE 2070

AN ACT

RELATING TO THE FILING FEES OF STATUTORY LIENS FOR FILING WITH THE CLERK OF DISTRICT COURT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 602.8105, subsection 1, Code Supplement 1985, is amended by adding the following new lettered paragraphs and relettering the subsequent paragraphs:

NEW LETTERED PARAGRAPH. e. For filing and entering an agricultural supply dealer's lien, three dollars.

I hereby certify that this bill originated in the House and is known **as** House File 2070, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

H.F. 2070

HOUSE FILE 2181

AN ACT

ESTABLISHING THE IOWA COMPREHENSIVE HEALTH ASSOCIATION, PROVIDING FOR A PLAN OF OPERATION, ESTABLISHING FINANCIAL PROCEDURES, PROVIDING ELIGIBLE EXPENSES, EXCLUDING CERTAIN REQUIREMENTS, AND RELATING TO OTHER PROVISIONS OF HEALTHS INSURANCE COVERAGE AND PROVIDING AN APPROPRIATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 514E.1 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

- 1. "Association" means the Iowa comprehensive health association established by section 5145.2.
- 2. "Association policy" means an individual policy issued by the association that provides the coverage specified in section 514E.4.
- 3. "Carrier" means an insurer providing accident and sickness insurance under chapter 509, 514 or 514A and includes a health maintenance organization established under chapter 5149 if payments received by the health maintenance organization are considered premiums pursuant to section 5148.31 and are taxed under chapter 432. "Carrier" also includes a corporation which becomes a mutual insurer pursuant to section 514.23 and any other person as defined in section 4.1, subsection 13, who is or may become liable for the tax imposed by chapter 432.
- 4. "Commissioner" means the commissioner of insurance.
- 5. "Eligible expenses" means the usual, customary and reasonable charges for the health care services specified in section 514E.4.
- 6. "Health care facility" means a health care facility as defined in section 135C.1, subsection 4, a hospital as defined in section 135B.1, subsection 1, or a community mental health center established under chapter 230A.

7. "Health care services" means services, the coverage of which is authorized under chapter 509, chapter 514, chapter 514A, or chapter 5149 as limited by sections 514E.4 and 514E.5, and includes services for the purposes of preventing, alleviating, curing, or healing human illness, injury or physical disability.

8. "Health insurance" means accident and sickness insurance authorized by chapter 509, 514 or 514A.

9. "Health insurance trust fund" means the fund created in section 514E.3.

10. "Insured" means an individual who is provided qualified comprehensive health insurance under an association policy, which policy may include dependents and other covered persons.

11. "Medicaid" means the federal-state assistance program established under Title XIX of the federal Social Security Act.

12. "Medicare" means the federal government health insurance program established under Title XVIII of the Social Security Act.

13. "Policy" means a contract, policy, or plan of health insurance.

14. "Policy year" means a consecutive twelve-month period during which a policy provides or obligates the carrier to provide health insurance.

Sec. 2. NEW SECTION. 514E.2 IOWA COMPREHENSIVE HEALTH ASSOCIATION.

1. There is established a nonprofit corporation known as the Iowa comprehensive health insurance association which shall assure that health insurance, as limited by sections 514E.4 and 514E.5, is made available to each eligible Iowa resident applying to the association for coverage. All carriers as defined in section 51CE.1, subsection 3, providing health insurance or health care services in Iowa shall be members of the association. The association shall operate under a plan of operation established and approved under subsection 3 and shall exercise its powers through a board of directors established under this section.

H.F. 2181

2. The board of directors of the association shall consist of **not** less than four nor more than eight members selected by the members of the association. subject to approval by the commissioner and a public member selected by the commissioner.

In order to select the initial board of directors and organize the association, the commissioner shall give notice to all carriers of the time and place of the organizational meeting. In determining voting rights at the organizational meeting, each carrier member is entitled to one vote in person or by proxy. If the board of directors is not selected within sixty days after the organizational meeting, the commissioner shall appoint the initial board. In approving or selecting members of the board, the commissioner shall consider whether all carriers are fairly represented. Members of the board may be reimbursed from the moneys of the association for expenses incurred by them as members, but shall not be otherwise compensated by the association for their services.

3. The association shall submit to the commissioner a plan of operation for the association and any amendments necessary or suitable to assure the fair, reasonable, and equitable administration of the association. The plan of operation becomes effective upon approval in writing by the commissioner prior to the date on which the coverage under this chapter must be made available. After notice and hearing, the commissioner shall approve the plan of operation if the plan is determined to be suitable to assure the fair, reasonable, and equitable administration of the association, and provides for the sharing of association losses, if any, on an equitable and proportionate basis among the member carriers. If the association fails to submit a suitable plan of operation within one hundred eighty days after the appointment of the board of directors, or if at any later time the association fails to submit suitable amendments to the plan, the commissioner shall adopt, pursuant to chapter 17A, rules necessary to implement this section. The rules shall continue in force until modified by the commissioner or superseded by a plan submitted by the association and approved by the

commissioner. In addition to other requirements, the plan of operation shall provide for all of the following:

a. The handling and accounting of assets and moneys of the association.

b. The amount and method of reimbursing members of the board.

c. Regular times and places for meeting of the board of directors.

d. Records to be kept of all financial transactions, and the annual fiscal reporting to the commissioner.

e. Procedures for selecting the board of directors and submitting the selections to the commissioner for approval.

f. Establishing, in cooperation with the commissioner of insurance and the state comptroller, procedures for the determination and payment to the association from the health insurance trust fund of amounts which represent the net loss for the preceding calendar year to the association. The amount of the payment shall be based upon the amount of funds deposited in the health insurance trust fund and the amount of net loss of the association. If funds deposited in the health insurance trust fund are insufficient to pay all of the losses, the state comptroller shall notify the commissioner of insurance and the association of the amount of the deficiency.

g. The periodic advertising of the general availability of health insurance coverage from the association.

h. Additional provisions necessary or proper for the execution of the powers and duties of the association.

4. The plan of operation may provide that the powers and duties of the association may be delegated to a person who will perform functions similar to those of the association. A delegation under this section takes effect only upon the approval of both the board of directors and the commissioner. The commissioner shall not approve a delegation unless the protections afforded to the insured are substantially equivalent to or greater than those provided under this chapter.

5. The association has the general powers and authority enumerated by this subsection and executed in accordance with the plan of operation approved by the commissioner under subsection 3. The association has the general powers and authority granted under the laws of this state to carriers licensed to issue health insurance. In addition, the association may do any of the following:

- a. Enter into contracts as necessary or proper to carry out this chapter.
- b. Sue or be sued, including taking any legal action necessary or proper for recovery of any assessments for, on behalf of, or against participating carriers.
- c. Take legal action necessary to avoid the payment of improper claims against the association or the coverage provided by or through the association.
- d. Establish or utilize a medical review committee to determine the reasonably appropriate level and extent of health care services in each instance.
- e. Establish appropriate rates, scales of rates, rate classifications, and rating adjustments, which rates shall not be unreasonable in relation to the coverage provided and the reasonable operations expenses of the association.
- f. Pool risks among members.
- g. Issue association policies on an indemnity or provision of service basis providing the coverage required by this chapter.
- h. Administer separate pools, separate accounts, or other plans or arrangements considered appropriate for separate members or groups of members.
- i. Operate and administer any combination of plans, pools, or other mechanisms considered appropriate to best accomplish the fair and equitable operation of the association.
- j. Appoint from among members appropriate legal, actuarial, and other committees as necessary to provide technical assistance in the operation of the association, policy and other contract design, and any other functions within the authority of the association.
- k. Hire independent consultants as necessary.

1. Develop a method of advising applicants of the availability of other Coverages outside the association, and shall promulgate a list of health conditions the existence of which would make an applicant eligible without demonstrating a rejection of coverage by one carrier.

m. Include in its policies a provision providing for subrogation rights by the association in a case in which the association pays expenses on behalf of an individual who is injured or suffers a disease under circumstances creating a liability upon another person to pay damages to the extent of the expenses paid by the association but only to the extent the damages exceed the policy deductible and coinsurance amounts paid by the insured. The association may waive its subrogation rights if it determines that the exercise of the rights would be impractical, uneconomical, or would work a hardship on the insured.

6. Rates for coverages issued by the association shall not be unreasonable in relation to the benefits provided, the risk experience, and the reasonable expenses of providing coverage. Separate scales of rates based on age may apply for individual risks. Rates must take into consideration the extra morbidity and administration expenses, if any, for risks insured in the association. The rates for a given classification shall not be more than one hundred fifty percent of the average premium or payment rate for that classification charged by the five carriers with the largest health insurance premium or payment volume in the state during the preceding calendar year. In determining the average rate of the five largest carriers, the rates or payments charged by the carriers shall be actuarially adjusted to determine the rate or payment that would have been charged for benefits similar to those issued by the association.

7. Following the close of each calendar year, the association shall determine the net premiums and payments, the expenses of administration, and the incurred losses of the association for the year. The association shall certify the amount of any net loss for the preceding calendar year to the

commissioner of insurance and state comptroller who shall make payment to the association according to procedures established under subsection 3, paragraph "f". Any remaining loss, after payment to the association from the health insurance trust fund, shall be assessed by the association to all members in proportion to their respective shares of total health insurance premiums or payments for subscriber contracts received in Iowa during the second preceding calendar year, or with paid losses in the year, coinciding with or ending during the calendar year or on any other equitable basis as provided in the plan of operation. In sharing losses, the association may abate or defer in any part the assessment of a member, if, in the opinion of the board, payment of the assessment would endanger the ability of the member to fulfill its contractual obligations. The association may also provide for an initial or interim assessment against members of the association if necessary to assure the financial capability of the association to meet the incurred or estimated claims expenses or operating expenses of the association until the next calendar year is completed. Net gains, if any, must be held at interest to offset future losses or allocated to reduce future premiums.

8. The association shall conduct periodic audits to assure the general accuracy of the financial data submitted to the association, and the association shall have an annual audit of its operations, made by an independent certified public accountant.

9. The association is subject to examination by the commissioner of insurance. Not later than April 30 of each year, the board of directors shall submit to the commissioner a financial report for the preceding calendar year in a form approved by the commissioner.

10. All policy forms issued by the association must be filed with and approved by the commissioner before their use.

11. The association shall not issue an association policy to an individual who, on the effective date of the coverage applied for, has not been rejected for, already has, or will

have coverage similar to an association policy, as an insured or covered dependent.

12. The association shall pay an agent's referral fee of twenty-five dollars to each insurance agent who refers an applicant to the association if that applicant is accepted.

13. The association is exempt from payment of all fees and all taxes levied by this state or any of its political subdivisions.

14. A member who, after July 1, 1986, has paid one or more assessments levied under this chapter may take a credit against the premium taxes, or similar taxes, upon revenues or income of the member that are imposed by the state on health insurance premiums pursuant to chapter 432 or payments subject to taxation under section 514B.31, up to the amount of twenty percent of those taxes due, for each of the five calendar years following the year for which an assessment was paid, or until the aggregate of those assessments has been offset by credits against those taxes if this occurs first. If a member ceases doing business, all uncredited assessments may be credited against its premium tax liability for the year it ceases doing business.

Sec. 3. NEW SECTION. 514E.3 HEALTH INSURANCE TRUST FUND
-- DEPOSIT OF MONEYS.

A health insurance trust fund is created within the state treasury. Commencing July 1, 1987, and annually thereafter, there shall be deposited in the health insurance trust fund twenty-five percent of the moneys set aside pursuant to 1985 Iowa Acts, chapter 239, section 8. The moneys in the health insurance trust fund and any income to the fund shall be used to make the payments provided for in section 514E.2, subsection 3, paragraph "f". If after making a payment, there is a balance remaining in the health insurance trust fund, the balance shall be retained in the fund together with any interest or earnings that is earned on the balance and may be used to cover future expenses of the association. However, if the balance of the health insurance trust fund after the payments provided for in section 514E.2, subsection 3,

paragraph "f" exceeds ten million dollars, then the amount of the funds in excess of the ten million dollars shall be transferred to the separate account established in 1985 Iowa Acts, chapter 239, section 8.

Moneys deposited in the health insurance trust fund may be invested by the treasurer of state in the same manner as moneys in the general fund.

Sec. 4. NEW SECTION. 514E.4 ASSOCIATION POLICY -- COVERAGE AND BENEFIT REQUIREMENTS -- ELIGIBLE EXPENSES.

The association policy shall pay only the usual, customary and reasonable charges for medically necessary eligible health care services which exceed the deductible and coinsurance amounts applicable under section 514E.6. Eligible expenses are the charges for the following health care services furnished by a health care provider in an emergency situation or furnished or prescribed by a health care provider:

1. Hospital services, including charges for the most common semiprivate room, for the most common private room if semiprivate rooms do not exist in the health care facility, or for the private room if medically necessary, but limited to a total of one hundred eighty days in a calendar year.
2. Professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than mental or dental, which are rendered by a health care provider, or at the direction of a health care provider, by a staff of registered nurses, licensed practical nurses, or other health care providers.
3. The first twenty professional visits for the diagnosis or treatment of one or more mental conditions, rendered during a calendar year by one or more health care providers, or at their direction, by their staff of registered nurses, licensed practical nurses, or other health care providers.
4. Drugs and contraceptive devices requiring a prescription.
5. Services of a skilled nursing facility as defined in section 135C.1, subsection 3, or services in an intermediate care facility as defined in section 135C.1, subsection 2, to

the same extent as the services would be paid in a skilled nursing facility, for not more than one hundred eighty days in a calendar year.

6. Homemaker-home health services up to one hundred eighty days of service in a calendar year.
 7. Use of radium or other radioactive material.
 8. Oxygen.
 9. Anesthetics.
 10. Prostheses, other than dental.
 11. Rental of durable medical equipment, other than eye glasses and hearing aids, which have no personal use in the absence of the condition for which prescribed.
 12. Diagnostic X rays and laboratory tests.
 13. Oral surgery or any of the following:
 - a. Excision of partially or completely erupted impacted teeth.
 - b. Excision of a tooth root without the extraction of the entire tooth.
 - c. The gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth.
 14. Services of a physical therapist and services of a speech therapist.
 15. Professional ambulance services to the nearest health care facility qualified to treat the illness, injury, or condition.
 16. Processing of blood, including but not limited to, collecting, testing, fractionating, and distributing blood.
- Sec. 5. NEW SECTION. 514E.5 EXPENSES EXCLUDED.
- Eligible expenses shall not include an expense for any of the following:
1. Services for which a charge is not made in the absence of insurance or for which there is no legal obligation on the part of a patient to pay.
 2. Services and charges made for benefits provided under the laws of the United States, including Medicare and Medicaid, military service-connected disabilities, medical services provided for members of the armed forces and their

dependents or for employees of the armed forces of the United States, and medical services financed on behalf of all citizens by the United States.

3. Benefits which would duplicate the provision of services or payment of charges for any care for an injury, disease, or condition for which either of the following applies:

a. It arises out of and in the course of an employment subject to a workers' compensation or similar law.

b. Benefits for it are payable without regard to fault under a coverage required to be contained in any motor vehicle or other liability insurance policy or equivalent self-insurance. However, this does not authorize exclusion of charges that exceed the benefits payable under the applicable workers' compensation or no-fault coverage.

4. Care which is primarily for a custodial or domiciliary purpose.

5. Cosmetic surgery unless provided as the result of an injury or medically necessary surgical procedure.

6. Services the provision of which is not within the scope of the license or certificate of the institution or individual rendering the services.

7. That part of any charge for services or articles rendered or prescribed by a health care provider which exceeds the prevailing charge in the locality where the service is provided, or a charge for services or articles not medically necessary.

8. Services rendered prior to the effective date of coverage under this plan for the person on whose behalf the expense is incurred.

9. Routine physical examinations including examinations to determine the need for eye glasses and hearing aids.

10. Illness or injury due to an act of war.

11. Service of a blood donor and any fee for failure to replace the first three pints of blood provided to an eligible person each calendar year.

12. Personal supplies or services provided by a health care facility or any other nonmedical or nonprescribed supply or service.

13. Experimental services or supplies. Experimental means a service or supply not recognized by the appropriate medical board as normal mode of treatment for the illness or injury involved.

14. Eye surgery if corrective lenses would alleviate the problem.

The coverage and benefit requirements of this section for association policies shall not be altered by any other state law without specific reference to this chapter indicating a legislative intent to add or delete from the coverage requirements of this chapter.

This chapter does not prohibit the association from issuing additional types of health insurance policies with different types of benefits which, in the opinion of the board of directors, may be of benefit to the citizens of the state.

Sec. 6. NEW SECTION. §14E.6 POLICIES, DEDUCTIBLE AND COINSURANCE REQUIREMENTS -- LIMITATIONS -- LIFETIME BENEFIT LIMIT.

1. Except as provided in subsection 3, an association policy offered in accordance with this chapter shall include a deductible. Deductibles of five hundred dollars and one thousand dollars on a per person per calendar year basis shall be offered. The board may authorize deductibles in other amounts. The deductibles must be applied to the first five hundred dollars, one thousand dollars, or other authorized amount of eligible expenses incurred by the covered person.

2. Except as provided in subsection 3, a mandatory coinsurance requirement shall be imposed at the rate of twenty percent of eligible expenses in excess of the mandatory deductible.

3. The maximum aggregate out-of-pocket payments for eligible expenses by the insured in the form of deductibles and coinsurance shall not exceed in a policy year:

- a. One thousand five hundred dollars for an individual five-hundred-dollar deductible policy.
 - b. Two thousand dollars for an individual one-thousand-dollar deductible policy.
 - c. Three thousand dollars for a family five-hundred-dollar deductible policy.
 - d. Four thousand dollars for a family one-thousand-dollar deductible policy.
 - e. An amount authorized by the board for any other deductible policy.
4. For a family policy, the maximum annual deductible under the policy shall be the deductible chosen for a maximum of two individuals under the policy.
5. Eligible expenses incurred by a covered person in the last three months of a calendar year, and applied toward a deductible, shall also be applied toward the deductible amount in the next calendar year.
6. The lifetime benefit per covered person is two hundred fifty thousand dollars.
7. The association shall, in addition to other policies, offer Medicare supplement policies designed to supplement Medicare and provide coverage of at least fifty percent of the deductible and eighty percent of the covered expenses in section 514E.4. Medicare supplement plans are subject to the same limitations on premiums, deductibility, and annual out-of-pocket expenses as other association policies.

Sec. 7. NEW SECTION, 514E.7 POLICIES -- ELIGIBLE PERSONS -- DEPENDENT COVERAGE -- PREEXISTING CONDITIONS.

1. A person is not eligible for an association policy if the person, at the effective date of coverage, has or will have coverage under any insurance plan that has coverage equivalent to an association policy. Only residents of this state are eligible for an association policy. Coverage under an association policy is in excess of, and shall not duplicate, coverage under any other form of health insurance.
2. A person is eligible to apply for an association policy only if that person has been rejected for similar health

insurance coverage or is only offered health insurance coverage at a rate exceeding the association rate.

3. An association policy shall provide that coverage of a dependent unmarried person terminates when the person becomes nineteen years of age or, if the person is enrolled full time in an accredited educational institution, terminates at twenty-five years of age. The policy shall also provide in substance that attainment of the limiting age does not operate to terminate coverage when the person is and continues to be both of the following:

- a. Incapable of self-sustaining employment by reason of mental retardation or physical handicap.

- b. Primarily dependent for support and maintenance upon the person in whose name the contract is issued.

Proof of incapacity and dependency must be furnished to the carrier within one hundred twenty days of the person's attainment of the limiting age, and subsequently as may be required by the carrier, but not more frequently than annually after the two-year period following the person's attainment of the limiting age.

4. An association policy that provides coverage for a family member of the person in whose name the contract is issued shall also provide, as to the family member's coverage, that the health insurance benefits applicable for children include the coverage required under section 514C.1.

5. An association policy may contain provisions under which coverage is excluded during a period of six months following the effective date of coverage as to a given covered individual for preexisting conditions, as long as either of the following exist:

- a. The condition has manifested itself within a period of six months before the effective date of coverage in such a manner as would cause an ordinarily prudent person to seek diagnosis or treatment.

- b. Medical advice or treatment was recommended or received within a period of six months before the effective date of coverage.

These preexisting condition exclusions shall be waived to the extent to which similar exclusions have been satisfied under any prior health insurance coverage which was involuntarily terminated, if the application for pool coverage is made not later than thirty days following the involuntary termination. In that case, coverage in the pool shall be effective from the date on which the prior coverage was terminated.

This subsection does not prohibit preexisting conditions coverage in an association policy that is more favorable to the insured than that specified in this subsection.

6. An individual is not eligible for coverage by the association if any of the following apply:

a. The individual is at the time of application eligible for health care benefits under chapter **249A**.

b. The individual has terminated coverage by the association within the past twelve months.

c. The individual is an inmate of a public institution or is eligible for public programs for which medical care is provided.

Sec. 8. NEW SECTION. 514E.8 POLICIES -- RENEWAL PROVISIONS -- ELECTION TO CONTINUE COVERAGE UPON DEATH OF POLICYHOLDER.

1. An association policy shall contain provisions under which the association is obligated to renew the contract until the day on which the individual in whose name the contract is issued first becomes eligible for Medicare coverage, except that in a family policy covering both husband and wife, the age of the younger spouse shall be used as the basis for meeting the durational requirements of this subsection. However, when the individual in whose name the contract is issued becomes eligible for Medicare coverage, the person shall be eligible for the Medicare supplement plan offered by the association.

2. The association shall not change the rates for association policies except on a class basis with a clear disclosure in the policy of the association's right to do so.

3. An association policy shall provide that upon the death of the individual in whose name the policy is issued, every other individual then covered under the contract may elect, within a period specified in the policy, to continue coverage under the same or a different policy until such time as the person would have ceased to be entitled to coverage had the individual in whose name the policy was issued lived.

Sec. 9. NEW SECTION. 514f.9 RULES.

Pursuant to chapter 17A, the commissioner shall adopt rules to provide for disclosure by carriers of the availability of insurance coverage from the association, and to otherwise implement this chapter.

Sec. 10. NEW SECTION. 514E.10 COLLECTIVE ACTION.

Neither the participation by carriers or members in the association, the establishment of rates, forms, or procedures for coverage issued by the association, nor any joint or collective action required by this chapter shall be the basis of any legal civil action, or criminal liability against the association or members of it either jointly or separately.

Sec. 11. NEW SECTION. 514E.11 NOTICE OF ASSOCIATION POLICY.

Commencing July 1, 1986, every carrier, including a health maintenance organization subject to chapter 514B, authorized to provide health care insurance or coverage for health care services in Iowa, shall provide a notice and an application for coverage by the association to any person who receives a rejection of coverage for health insurance or health care services, or a notice to any person who is informed that a rate for health insurance or coverage for health care services will exceed the rate of an association policy, that effective January 1, 1987, that person is eligible to apply for health insurance provided by the association. Application for the health insurance shall be on forms prescribed by the board and made available to the carriers.

Sec. 12. There is appropriated from the general fund of the state on January 1, 1987 for the period January 1, 1987 to July 1, 1987, to the Iowa comprehensive health association the

sum of twenty-five thousand (25,000) dollars or as much thereof **as** necessary for salaries and expenses.

Sec. 13. Health insurance coverage provided under this Act shall not be effective until January 1 following the effective date of this **Act**.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2181, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

H.F. 2181

HOUSE FILE 2288

AN ACT

STRIKING A SPECIAL PROVISION RELATING TO THE APPORTIONMENT OF NET INCOME OF A FARM CORPORATION FOR PURPOSES OF THE CORPORATE INCOME TAX, STRIKING PROVISIONS PROHIBITING A FRANCHISE TAX REFUND OR CLAIM AND A SALES, SERVICES, AND USE TAX REFUND OR CLAIM FOR TAXES VOLUNTARILY PAID BASED UPON AN ALLEGED MISTAKE OF LAW, AND PROVIDING EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.33, subsection 2, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

If the trade or business of the corporation is carried on entirely within the state, ~~at-if-the-trade-or-business consists-of-the-operation-of-a-farm-and-the-property-is located-entirely-within-the-state,~~ the tax shall be imposed on the entire net income, but if such the trade or business is carried on partly within and partly without the state, ~~at-if the-trade-or-business-consists-of-the-operation-of-a-farm-and the-property-is-located-partly-within-and-partly-without-the state,~~ the tax shall be imposed only on the portion of the net income reasonably attributable to the trade or business within the state, said with the net income attributable to the state to be determined as follows:

Sec. 2. Section 422.63, unnumbered paragraph 2, Code 1985, is amended by striking the paragraph.

Sec. 3. Section 422.73, subsection 1, unnumbered paragraph 2, Code Supplement 1985, is amended by striking the paragraph.

Sec. 4. Section 1 of this Act is retroactive to January 1, 1986 for tax years beginning on or after January 1, 1986.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2288, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

H.F. 2288

HOUSE FILE 2350

AN ACT

RELATING TO THE PUBLICATION OF OFFICIAL PUBLIC NOTICES BY DEFINING A NEWSPAPER AND BY ESTABLISHING FEES FOR THE PUBLICATION OF OFFICIAL NOTICES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 349.1, subsection 2, Code 1985, is amended to read as follows:

2. Those ~~subscribers, defined as in subsection 1~~ who have been subscribers at least six consecutive months before the date of application, whose papers are regularly delivered by carrier regularly upon an order or subscription, or whose papers are purchased from the publisher for resale and delivery by independent carriers?-said-independent-carriers having who have filed with the publisher a list of their subscribers.

Sec. 2. Section 349.14, Code 1985, is amended to read as follows:

349.14 PUBLICATION PENDING CONTEST.

After the selection by the board of supervisors of official newspapers, no publisher shall receive pay for publishing official proceedings until the contest is finally determined, insofar as the publisher is concerned. After determination of the contest, payment for publications made during the contest shall include interest at the rate of one-half percent per month calculated from date of publication to the date of payment, less thirty days.

Sec. 3. Section 349.17, Code 1985, is amended to read as follows:

349.17 COST.

The cost of official publications provided for in section 349.16 shall not exceed three-fifths the legal fee provided by statute three-fourths of the fee provided in section 618.11 for the publication of legal notices. Ha-suck An official

publication shall not be printed in type smaller than ~~five~~ six point.

Sec. 4. Section 618.3, Code 1985, is amended by striking the section and inserting in lieu thereof the following:

618.3 "NEWSPAPER" DEFINED.

For the purpose of establishing and giving assured circulation to all notices and reports of proceedings required by statute to be published within the state, if newspapers are required to be used, only a newspaper which meets all of the following requirements shall be designated for official publication purposes:

1. Is a newspaper of general circulation issued at a regular frequency that has been published within the area and regularly mailed through the post office of entry for at least two years.

2. Has a list of subscribers who have paid, or promised to pay, at more than a nominal rate, for copies to be received during a stated period.

3. Devotes at least twenty-five percent of its total column space in more than one-half of its issues during any twelve-month period to information of a public character other than advertising.

4. Is paid for by at least fifty percent of the persons or subscribers to whom it is distributed.

Sec. 5. Section 618.11, Code 1985, is amended to read as follows:

618.11 FEES FOR PUBLICATION.

The compensation, when not otherwise fixed, for the publication in a newspaper of any notice, order, citation, or other publication required or allowed by law, shall not exceed twenty-six cents for one insertion, and seventeen cents for each subsequent insertion, for each line of eight-point type two inches in length, or the its equivalent thereof. Publication of matter which may be photographically reproduced for printing instead of typeset shall be compensated at a rate not to exceed the lowest available earned rate for any similar advertising matter. Statements of itemized financial and other like columnar matter shall be published in tabular form

without additional compensation. In case of controversy or doubt regarding measurements, style, manner, or form, the controversy ~~is~~ shall be referred to the executive council, and its decision is final.

Sec. 6. NEW SECTION. 618.16 ZONED EDITIONS OF SAME NEWSPAPER.

Publication requirements for governmental subdivisions of the state shall be deemed satisfied when publication is made in editions or zoned editions which are delivered to an area comprising the jurisdiction of the subdivision making the publication even though publication is not made in other editions of the same newspaper delivered to other areas of the state.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2350, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2353

AN ACT

RELATING TO THE IOWA FAMILY FARM DEVELOPMENT AUTHORITY, BY PROVIDING FOR AN AGRICULTURAL LOAN ASSISTANCE PROGRAM, PROVIDING FOR THE ADOPTION OF PENALTIES, MAKING AN APPROPRIATION, AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 175.2, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 8A. "Lending institution" means a bank, trust company, mortgage company, national banking association, savings and loan association, life insurance company, any state or federal governmental agency or instrumentality, including without limitation the federal land bank or any of its local associations, or any other financial institution or entity authorized to make farm operating loans in this state.

Sec. 2. Section 175.3, subsection 1, Code Supplement 1985, is amended to read as follows:

1. The Iowa family farm development authority is established, and constituted a public instrumentality and agency of the state exercising public and essential governmental functions. The authority is established to undertake programs which assist beginning farmers in purchasing agricultural land and agricultural improvements and depreciable agricultural property for the purpose of farming, and programs which provide financing to farmers for permanent soil and water conservation practices on agricultural land within the state or for the acquisition of conservation farm equipment, and programs to assist farmers within the state in financing operating expenses and cash flow requirements of farming. The powers of the authority are vested in and exercised by a board of eleven members with nine members

appointed by the governor subject to confirmation by the senate. The treasurer of state or the treasurer's designee and the secretary of agriculture or the secretary's designee are ex officio nonvoting members. No more than five appointed members shall belong to the same political party. As far as possible the governor shall include within the membership persons who represent financial institutions experienced in agricultural lending, the real estate sales industry, farmers, beginning farmers, average taxpayers, local government, soil conservation district officials, and other persons specially interested in family farm development.

Sec. 3. Section 175.4, Code 1985, is amended by adding the following new subsections:

NEW SUBSECTION. 15. There exists a serious problem in this state regarding the ability of farmers to obtain affordable operating loans for reasonable and necessary expenses and cash flow requirements of farming.

NEW SUBSECTION. 16. Farming is one of the principal pursuits of the inhabitants of this state. Many other industries and pursuits, in turn, are wholly dependent upon farming.

NEW SUBSECTION. 17. The inability of farmers to obtain affordable operating loans is conducive to a general decline of the economy in this state.

NEW SUBSECTION. 18. It is necessary to establish an agricultural loan assistance program in this state to assist farmers in obtaining adequate financing at affordable rates for operating expenses and thereby assist in the stabilization of the economic condition of this state.

Sec. 4. NEW SECTION. 175.35 AGRICULTURAL LOAN ASSISTANCE PROGRAM.

1. The authority shall establish and develop an agricultural loan assistance program to facilitate the availability of affordable operating capital to farmers by providing grants to lending institutions as provided by this section.

2. The authority shall make available to farmers and lending institutions eligibility application forms for the agricultural loan assistance program. Applications to the authority for assistance under this section shall be executed jointly by the lending institution and the farmer upon approved forms.

3. The authority shall provide in the agricultural loan assistance program that a grant will be provided in conjunction with a farmer's operating loan only if the following criteria are satisfied:

- a. The farmer is a resident of the state.
- b. The farmer is an individual, a partnership, or a family farm corporation, as defined in section 172C.1, subsection 8.
- c. The farming operation in which the farmer will use the operating loan is located within the state.
- d. The operating loan will be used by the farmer for reasonable and necessary expenses and cash flow requirements of farming as defined by rules of the authority.
- e. The farmer has made full disclosure of the farmer's finances to the lending institution and to the authority, to the extent required by the authority.
- f. Additional requirements as are prescribed by the authority by rule, which may include but are not limited to:
 - (1) Participation in federal crop insurance programs, where available.
 - (2) A consideration of the borrower's agreement to maintain farm management techniques and standards established by the authority.
 - (3) Participation in federal farm programs, where applicable.
 - (4) The maximized use of available loan guarantees where applicable.
 - (5) A consideration of factors demonstrating the farmer's need for operating loan assistance and the probability of success with the assistance in the farming operation in which

the operating loan will be used, including net worth, debt-to-asset ratio, debt service coverage ratio, projected income, and projected cash flow.

4. The authority may participate in and cooperate with programs of an agency or instrumentality of the federal government in the administration of the agricultural loan assistance program. The authority may provide in the agricultural loan assistance program that a grant may be provided in conjunction with a farmer's operating loan only if the farmer and lending institution participate in one or more operating loan assistance programs of an agency or instrumentality of the federal government, which are determined to be appropriate by the authority.

5. Upon approval of an eligibility application and a determination by the authority that assistance pursuant to the agricultural loan assistance program is needed to qualify a farmer and lending institution for participation in an appropriate operating loan assistance program of an agency or instrumentality of the federal government, the authority may:

- a. Enter into an agreement with the lending institution and the farmer to supplement the assistance to be received pursuant to the federal program in which agreement the lending institution shall agree to reduce for one year the interest rate on the farmer's operating loan to the rate determined by the authority to be necessary to qualify the farmer and lending institution for participation in the federal program and the farmer shall agree to comply with the rules and requirements established by the authority.

b. Agree to give the lending institution, for the benefit of the farmer, a grant in an amount to be determined by the authority to partially reimburse the lending institution for the reduction of the interest rate on the farmer's operating loan.

6. In determining the rate reduction to be required under subsection 5, paragraph "a", and the amount of the grant to be given under subsection 5, paragraph "b", the authority shall:

a. Consider the amount of any interest reimbursement to be received by the farmer or lending institution pursuant to the federal operating loan assistance program.

b. Not require a rate reduction pursuant to subsection 5, paragraph "a" which is in excess of three percentage points in addition to the interest rate reduction required pursuant to the federal program.

c. Not give a grant pursuant to subsection 5, paragraph "b" in an amount greater than three percent per annum of up to one hundred thousand dollars of the principal balance of the farmer's operating loan outstanding from time to time, for the term of the loan or for one year, whichever is less.

6A. Notwithstanding the provisions of subsections 4, 5, and 6, upon approval of an eligibility application and a determination by the authority that operating loan assistance will not be available to an individual farmer and lending institution on a timely basis pursuant to an appropriate program of the federal government, the authority may:

a. Enter into an agreement with the lending institution and the farmer in which the lending institution shall agree to reduce for one year the interest rate on the farmer's operating loan to a rate determined by the authority below the lending institution's farm operating loan rate as certified to the authority and the farmer shall agree to comply with the rules and requirements established by the authority.

b. Agree to give to the lending institution, for the benefit of the farmer, a grant in the amount, as determined by the authority, up to three percent per annum of up to one hundred thousand dollars of the principal balance of the farmer's operating loan outstanding from time to time, for the term of the loan or for one year, whichever is less, to partially reimburse the lending institution for the reduction of the interest rate on the borrower's operating loan. However, the grant shall not exceed fifty percent of the amount of interest foregone by the lending institution pursuant to the rate reduction under paragraph "a",

7. The authority may require a lending institution to submit evidence satisfactory to the authority that the lending institution has complied with the reduction in the interest rate as required by an agreement pursuant to subsection 5 or 6A. The authority may inspect any books and records of a lending institution which are pertinent to the administration of the agricultural loan assistance program.

8. In order to assure compliance with this section and rules adopted pursuant to this section, the authority may establish by rule appropriate enforcement provisions, including but not limited to, the payment of civil penalties by a lending institution or farmer.

Sec. 5. There is appropriated from the general fund of the state to the Iowa family farm development authority for the fiscal year beginning July 1, 1985 and ending June 30, 1986, the amount of five million (5,000,000) dollars or so much thereof as is necessary, to be used for providing financial assistance to Iowa farmers under and through the agricultural loan assistance program, by providing moneys for grants under agreements subject to section 175.35 entered into on or after March 1, 1986 but before July 1, 1986. If the grants under the agreements exceed two million dollars, the excess shall be transferred from the Iowa plan fund for economic development, notwithstanding the provisions of 1985 Acts, chapter 33. Not more than one hundred thousand (100,000) dollars, or so much thereof as is necessary, shall be used for general administration, including salaries, support, and miscellaneous purposes. Moneys appropriated by this section which are committed for grants under agreements entered into on or after March 1, 1986 but before July 1, 1986, do not revert to the general fund or the Iowa plan fund. Moneys appropriated by this section which are committed for agreements but which are not utilized for the grants by July 1, 1987 revert on a pro rata basis to the general fund and the Iowa plan fund.

Sec. 6. This Act, being deemed of immediate importance, takes effect from and after its publication in The Algona Upper Des Moines, a newspaper published in Algona, Iowa, and in The Messenger, a newspaper published in Fort Dodge, Iowa.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2353, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2380

AN ACT

RELATING TO AND MAKING SUPPLEMENTAL APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 1985 AND ENDING JUNE 30, 1986 AND MAKING THE ACT EFFECTIVE UPON PUBLICATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. There is appropriated from the road use tax fund to the state department of transportation for the fiscal year beginning July 1, 1985 and ending June 30, 1986 the sum of three hundred seventy-two thousand eight hundred twenty-three (372,823) dollars, or so much thereof as is necessary, to provide salary adjustments required by implementation action taken under 1984 Iowa Acts, chapter 1314.

Sec. 2. There is appropriated from the primary road fund to the state department of transportation for the fiscal year beginning July 1, 1985 and ending June 30, 1986 the sum of two million eighty-one thousand one hundred seventeen (2,081,117) dollars, or so much thereof as is necessary, to provide salary adjustments required by implementation action taken under 1984 Iowa Acts, chapter 1314.

Sec. 3. There is appropriated from the road use tax fund to the general fund of the state for the fiscal year beginning July 1, 1985 and ending June 30, 1986 the sum of one hundred seventy-nine thousand three hundred eighty-six (179,386) dollars, or so much thereof as is necessary, to provide salary adjustments required by implementation action taken under 1984 Iowa Acts, chapter 1314.

Sec. 4. Notwithstanding section 321.145, there is transferred from the road use tax fund to the general fund of the state for the fiscal year beginning July 1, 1985 and ending June 30, 1986 the sum of twenty-eight thousand seven hundred thirty-five (28,735) dollars, or so much thereof as is neces-

sary, to provide salary adjustments required by implementation action taken under 1984 Iowa Acts, chapter 1314.

Sec. 5. A supplemental authorization is authorized for each departmental revolving, trust, or special fund for which the general assembly has established an operating budget in an amount necessary to provide salary adjustments required by implementation action taken under 1984 Iowa Acts, chapter 1314. The supplemental authorization allowed under this section is not applicable to the road use tax fund or the primary road fund,

Sec. 6. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1985, and ending June 30, 1986, to the department of human services for the medical assistance program fifteen million six hundred thousand (15,600,000) dollars, or so much thereof as is necessary, to be used for the same purposes and to supplement funds appropriated by 1985 Iowa Acts, chapter 259, section 3, subsection 2.

Sec. 7. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1985, and ending June 30, 1986, the sum of twenty thousand (20,000) dollars, or so much thereof as is necessary, for the preparation of an implementation plan to establish a single central clearinghouse for the receipt and disbursement of child support payments, which shall be completed and reported to the standing committees on appropriations of the general assembly. The clerks of the district court shall cooperate with the department in the preparation of the implementation plan. The department may contract for preparation of the implementation plan without using request-for-proposal procedures. The implementation plan shall include the financial impact of and methods for implementation of the clearinghouse, the staffing, equipment, and data processing requirements of the clearinghouse, the anticipated federal and state expenditures for the clearinghouse, a cost-benefit analysis of the clearinghouse,

the extent to which the implementation of the clearinghouse would conform to federal law and regulation, the impact of the clearinghouse on other state agencies, and a timetable which would assure implementation of the clearinghouse by January 1, 1987. Funds appropriated by this section may be expended or encumbered after June 30, 1986. Notwithstanding section 8.33, any remaining unencumbered funds appropriated under this section shall revert to the general fund of the state on June 30, 1987.

Sec. 8. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 1985 and ending June 30, 1986, the sum of sixty thousand (60,000) dollars, or so much thereof as is necessary, for use of the cooperative extension service in agriculture and home economics of Iowa state university of science and technology. The funds shall be used by the cooperative extension service of agriculture and home economics for continuation of the rural concern hotline. The funds shall be used to manage and administer the hotline which provides assistance to Iowa farm families needing information, counseling and referral services on farm financial and stress management and issues facing those families currently and in the near future.

Sec. 9. 1985 Iowa Acts, chapter 254, section 1, subsection 1, paragraph a. is amended to read as follows:

a. For the fiscal year beginning July 1, 1985 \$ ~~12,091,750~~
11,491,500

Sec. 10. 1985 Iowa Acts, chapter 239, section 7 is amended to read as follows:

SEC. 7. There is appropriated to the department of human services for the fiscal year commencing July 1, 1985, and ending June 30, 1986, three million (3,000,000) dollars, or so much thereof as is necessary, to provide for extension and operation of the medically needy program under the medical assistance program to supplemental security income-related

groups. The program shall begin on April 1, 1986. This appropriation is in addition to other funds provided to the department, and shall be matched with available federal funds.

It is the intent of the general assembly that individuals eligible for medical assistance under the medically needy program shall be provided all covered services except for services in institutions for mental disease, skilled nursing facilities and all intermediate care facilities, including those for the mentally retarded. Individuals in medical facilities who receive medical assistance through the medically needy program shall be allowed to retain a personal needs allowance for any month in which they are eligible. The certification period shall be two months.

Sec. 11. 1985 Iowa Acts, chapter 255, section 1, subsections 1, 2, and 4, are amended to read as follows:

	<u>1985-1986</u>
	<u>Fiscal Year</u>
1. EOARD OF ARCHITECTURAL EXAMINERS	
For salaries, support, maintenance, and other operational purposes	\$ 397,000
	<u>44,490</u>
2. BOARD OF LANDSCAPE ARCHITECTURAL EXAMINERS	
For salaries, support, maintenance, and other operational purposes	\$ 107,000
	<u>11,487</u>
4. STATE BOARD OF ENGINEERING AND LAND SURVEYING EXAMINERS	
For salaries, support, maintenance, and other operational purposes	\$ 124,000
	<u>143,560</u>

Sec. 12. Section 3278.20, unnumbered paragraph

1, Code 1985, is amended to **read** as follows:

The department may enter into agreements with railroad corporations, the United States government, persons, cities, and counties for carrying out the purposes of this chapter. Agreements entered into between the department and railroad corporations under this section may require a railroad corporation to reimburse all or part of the costs paid from the railroad assistance fund from revenue derived from all railroad cars and traffic using the main line, branch line, switching yard or sidings defined in the agreement. An agreement which does not require the repayment of railroad assistance funds used for rehabilitation projects shall require the railroad corporation to establish and maintain a separate corporation account to which an amount equal to all or part of the costs paid from the railroad assistance fund shall be credited from revenue derived from all railroad cars and traffic using the main line, branch line, switching yard or siding defined in the agreement. However, one-half of the funds credited to the railroad assistance fund shall be expended as nonreimbursable grants for rehabilitation programs. Credits to the corporation account by the railroad corporation may be used for the improvement, restoration, or conservation of the railroad corporation's main line, branch lines, switching yards and sidings within the state. The agreement shall stipulate the terms and conditions governing the use of credits to the corporation account as well as a penalty for the use of the account in a manner other than as provided in the agreement.

Sec. 13. Section 3278.24, Code 1985, is amended to read as follows:

3278.24 REVERSION OF FUNDS.

Moneys deposited in the railroad assistance fund shall not be subject to ~~sections 8.33 and~~ section 8.39. However, moneys credited to the fund by a city, county, or railroad district which are unexpended or unobligated following the expiration of an agreement shall be paid back to the city, county, or railroad district.

Sec. 14. 1985 Iowa Acts, chapter 257, section 7, subsection 3, is amended by striking the subsection.

Sec. 15. Notwithstanding section 99E.10, for the fiscal year beginning July 1, 1985 and ending June 30, 1986, any moneys in excess of sixty thousand (60,000) dollars credited to the gamblers assistance fund during the fiscal year is transferred to the general fund of the state and is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1985 and ending June 30, 1986 for the medical assistance program to supplement funds appropriated by 1985 Iowa Acts, chapter 259, section 3, subsection 2.

Sec. 16. 1985 Iowa Acts, chapter 239, section 8, is repealed.

Sec. 17. There is appropriated from the general fund of the state to the department of general services for the fiscal period beginning July 1, 1985 and ending June 30, 1987 the sum of nine hundred thousand (900,000) dollars, or so much thereof as is necessary, to be used for capitol restoration. The moneys appropriated to the department of general services for capitol restoration under this section shall be in addition to any other moneys appropriated for this purpose. Notwithstanding section 8.33, unobligated or unencumbered funds appropriated by this section remaining as of June 30, 1987 shall revert to the general fund of the state on September 30, 1987.

Sec. 18. Notwithstanding section 3278.24, for the fiscal year beginning July 1, 1985 and ending June 30, 1986, an amount equal to one million five hundred thousand (1,500,000) dollars credited to the railroad assistance fund shall not be subject to reversion but shall remain in the railroad assistance fund.

Sec. 19. Moneys appropriated under this Act for the fiscal year beginning July 1, 1985 and ending June 30, 1986 are not subject to the reduction of three point eighty-five percent mandated under executive order 19.

Sec. 20. This Act, being deemed of immediate importance, takes effect from and after its publication in the Solon Economist, a newspaper published in Solon, Iowa, and in the, Oskaloosa Daily Herald, a newspaper published in Oskaloosa, Iowa.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2380, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2412

AN ACT

RELATING TO THE ALLOCATION OF LOTTERY FUNDS AND PROGRAMS FOR WHICH THE FUNDS MAY BE USED AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. 1985 Iowa Acts, chapter 33, section 301, subsection 1, paragraphs a and b, are amended to read as follows:

a. The first ~~eleven~~ five million ~~ninety-two~~ two hundred seventeen thousand dollars to the "Jobs Now Capitals" account.

b. After the allotment in paragraph "a", ten million dollars to the "Community Economic Betterment" account, ~~eight~~ seven million ~~five-hundred~~ fifty thousand dollars to the "Jobs Now" account, and ~~twelve~~ eleven million ~~five-hundred-thousand~~ dollars to the "Education and Agriculture Research and Development" account.

Sec. 2. 1985 Iowa Acts, chapter 33, section 301, subsection 2, is amended by adding after paragraph e the following new lettered paragraph:

NEW LETTERED PARAGRAPH. f. Funds for guaranteeing business loans by local development corporations as described in section 28.29.

Sec. 3. 1985 Iowa Acts, chapter 33, section 301, subsection 3, paragraph a, is amended to read as follows:

a. To the state conservation commission the sum of two million ~~five-hundred-thousand~~ (2,000,000) dollars for the development of parks, recreation areas, forest, fish and wildlife areas, and natural areas, and for related technical services for carrying out these projects. Not more than five hundred thousand (500,000) dollars shall be set aside to match private funds available for the acquisition of natural areas with unique or unusual features. Not more than four hundred thousand (400,000) dollars shall be set aside for

the acquisition of land for expansion or development of state forests, parks and recreation areas, and state fish and wildlife areas. Not more than seven hundred fifty thousand (750,000) dollars shall be set aside for use in providing grants-in-aid to county conservation boards for carrying out acquisition and development projects as provided in chapter 111A. Any of the above funds can be matched with any available federal funds or with any available federal or local funds in the case of grants-in-aid to county conservation boards.

Sec. 4. 1985 Iowa Acts, chapter 33, section 301, subsection 3, paragraph d, is amended by striking the paragraph.

Sec. 5. 1985 Iowa Acts, chapter 33, section 301, subsection 3, paragraph f is amended to read as follows:

f. To the Iowa development commission the sum of two million six hundred ~~(sixty thousand~~ (2,650,000) dollars for the purposes designated as follows:

- (1) Business incubators.
- (2) Satellite centers under division VI of this Act.
- (3) Federal procurement offices.
- (4) Tourism and marketing.
- (5) Iowa main street program.
- (6) Foreign trade for which up to fifty thousand (50,000) dollars may be used for cooperative trade activities in conjunction with the farm progress show.

Sec. 6. 1985 Iowa Acts, chapter 33, section 301, subsection 4, paragraphs a, b, and c, are amended by striking the paragraphs.

Sec. 7. 1985 Iowa Acts, chapter 33, section 301, subsection 4, paragraph d, is amended to read as follows:

d. To the Iowa development commission the sum of ten million (10,000,000) dollars to be allocated by the Iowa development commission for economic development and research and development purposes at an institution of higher education under the control of the state board of regents or at an independent college or university of the state. The Iowa

development commission shall allocate for the fiscal year beginning July 1, 1985 the first five hundred thousand (500,000) dollars, for the fiscal year beginning July 1, 1986, the first three million seven hundred fifty thousand (3,750,000) dollars, and for the fiscal year beginning July 1, 1987 and for each succeeding fiscal year the first four million two hundred fifty thousand (4,250,000) dollars to the Iowa state university of science and technology for agricultural biotechnology research and development. From the money allocated to the Iowa state university of science and technology for agricultural biotechnology research and development the amount of fifty thousand (50,000) dollars for each of the fiscal years beginning July 1, 1986 and July 1, 1987 shall be used to develop a program in bioethics for research at the university. This program should address socioeconomic and environmental implications of biotechnology research. The institutions under control of the state board of regents may present proposals to the state board of regents for the use of the funds. The proposals may include, but are not limited to, endowing faculty chairs, conducting studies and research, establishing centers, purchasing equipment, and constructing facilities in the areas of entrepreneurial studies, foreign language translation and interpretation, management development, genetics, molecular biology, laser science and engineering, biotechnology, third crop development, and value-added projects. The proposals shall include certification from the institution, college or university that it will receive from other sources an amount equal to the amount requested in the proposal. The state board of regents shall, for institutions under its control, determine the specific proposals for which it requests funding and submit them to the Iowa development commission. An independent college or university shall submit requests directly to the Iowa development commission. The Iowa development commission shall disburse to the regents' institutions or an independent college or university the moneys for the various proposals requested unless the Iowa

development commission disapproves of a specific proposal as inconsistent with the plan for economic development for this state. The applicants may submit additional proposals for those not approved by the Iowa development commission. Those funds allocated by the Iowa development commission under this paragraph that are not expended by the institution of higher education shall not revert to the commission. The Iowa development commission shall consult with the Iowa high technology council in making grants under this paragraph.

Sec. 8. 1985 Iowa Acts, chapter 33, section 301, subsection 4, paragraphs e and f., are amended by striking the paragraphs.

Sec. 9. 1985 Iowa Acts, chapter 33, section 301, subsection 5, paragraph a, is amended by striking the paragraph.

Sec. 10. 1985 Iowa Acts, chapter 33, section 301, subsection 5, is amended by adding the following new lettered paragraphs:

NEW LETTERED PARAGRAPH. f. To the Iowa family farm development authority the sum of three million (3,000,000) dollars for the agricultural loan assistance program provided in House File 2353 of the Seventy-first General Assembly. If House File 2353 is not enacted or the full appropriation under this paragraph is not committed for grants as provided in House File 2353, the funds appropriated or the funds not committed, whichever is appropriate, shall be transferred from the jobs now capitals account to the accounts specified in subsection 1, paragraph "b". The funds so transferred are considered as allotments made to those other accounts for the fiscal year beginning July 1, 1985.

NEW LETTERED PARAGRAPH. g. To the Iowa state university of science and technology the sum of two hundred fifty thousand (250,000) dollars for allocation to the center for industrial research and service for a hazardous waste research program and a solar energy conversion program. Of the amount allocated under this paragraph, the sum of fifty thousand (50,000) dollars shall be used for a solar energy conversion

program. The hazardous waste research program shall be created within the civil engineering department. This research program shall concentrate its efforts in the cleanup of industrial hazardous waste in the state with special emphasis upon new waste disposal techniques and applications. The center for industrial research and service shall administer the research funds and report to the general assembly on the program's progress and result.

NEW LETTERED PARAGRAPH. h. To the legislative council for the use of the world trade advisory committee for the period beginning on the effective date of this Act and ending June 30, 1986, the sum of one hundred twenty-five thousand (125,000) dollars, or so much thereof as is necessary, to pay expenses of the members of the committee and other expenses approved by the committee. Any moneys expended by the committee which were paid from the general fund of the state during the period beginning on January 1, 1986 and ending on the effective date of this Act shall be repaid to the general fund of the state not later than June 30, 1986, from this appropriation. Any moneys not expended by the committee by June 30, 1986 shall not revert and shall be available for use by the committee during the next fiscal year.

Sec. 11. 1985 Iowa Acts, chapter 33, section 302, subsection 1, paragraphs a and b, are amended to read as follows:

a. In each of the fiscal years year beginning July 1, 1986 and the first three million four hundred thirty-eight thousand dollars, in the fiscal year beginning July 1, 1987 the first ten one million two-hundred-fifty-thousand dollars, in the fiscal year beginning July 1, 1988 the first three one million two-hundred-fifty-themudad doilars and in the fiscal year beginning July 1, 1989 the first one million dollars to the jobs now capitals account.

b. In each of the four fiscal years after the allotment in paragraph "a", ten million dollars to the community economic betterment account, eight million five hundred thousand dollars to the jobs now account, and twelve million five

hundred thousand dollars to the education and agriculture research and development account. However, the allotment to the jobs now account for the fiscal year beginning July 1, 1986 shall be eight million five hundred fifty thousand dollars.

Sec. 12. 1985 Iowa Acts, chapter 33, section 302, subsection 2, is amended by adding after paragraph e the following new lettered paragraph:

NEW LETTERED PARAGRAPH. f. Funds for guaranteeing business loans by local development corporations as described in section 28.29.

Sec. 13. 1985 Iowa Acts, chapter 33, section 302, subsection 3, paragraphs a, c, and d, are amended to read as follows:

a. To the state conservation commission for the purposes designated in section 301, subsection 3, paragraph "a" of this Act. For the fiscal year beginning July 1, 1986, the amount appropriated is two million five hundred thousand (2,500,000) dollars.

c. To the office for planning and programming for the purposes designated in section 301, subsection 3, paragraphs "d"-and paragraph "e" of this Act.

d. To the Iowa development commission for the purposes designated in section 301, subsection 3, paragraph "f" of this Act. For the fiscal year beginning July 1, 1986, the amount appropriated is two million six hundred thousand (2,600,000) dollars.

Sec. 14. 1985 Iowa Acts, chapter 33, section 302, subsection 3, is amended by adding the following new lettered paragraphs:

NEW LETTERED PARAGRAPH. e. For the fiscal year beginning July 1, 1986 only, the sum of two hundred thousand (200,000) dollars for the targeted small business loan guarantee program established pursuant to Senate File 2175 of the Seventy-first General Assembly.

NEW LETTERED PARAGRAPH. f. For the fiscal year beginning July 1, 1985 only, to the Iowa conservation corps account the

sum of one million (1,000,000) dollars. Of the funds appropriated under this paragraph, five hundred thousand (500,000) dollars shall be used for a summer jobs program for young adults, as a part of the Iowa youth corps and designed to provide part-time public service employment to work on conservation-oriented projects.

Sec. 15. 1985 Iowa Acts, chapter 33, section 302, subsection 4, paragraphs a and b, are amended to read as follows:

a. To the Iowa college aid commission for the forgivable loan program established in division VII of this Act. For the fiscal year beginning July 1, 1986, the amount appropriated is seven hundred fifty thousand (750,000) dollars.

b. To the Iowa development commission for the purposes and under the conditions specified in section 301, subsection 4, paragraphs "b" and paragraph "d" of this Act. For the fiscal year beginning July 1, 1986, the amount appropriated is ten million seven hundred fifty thousand (10,750,000) dollars.

Sec. 16. 1985 Iowa Acts, chapter 33, section 302, subsection 4, paragraph c, is amended by striking the paragraph.

Sec. 17. 1985 Iowa Acts, chapter 33, section 302, subsection 5, paragraph a, is amended by striking the paragraph.

Sec. 18. 1985 Iowa Acts, chapter 33, section 302, subsection 5, is amended by adding the following new lettered paragraphs:

NEW LETTERED PARAGRAPH. c. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1986 to the department of public safety for the acquisition and interface with a fingerprint computer the sum of four hundred thousand (400,000) dollars. There is established an automated fingerprint identification system (AFIS) computer committee. This committee shall have the authority to prepare and implement guidelines, rules, and regulations pertaining to the placement, use, and access to the AFIS computer and any remote

terminal designed to interface with the main computer located at the department of public safety. The AFIS committee will be chosen for two-year terms with four sheriffs chosen by the Iowa state sheriffs and deputies association and four chiefs of police chosen by the Iowa police executive forum. The commissioner of public safety, or the designee, will be chairperson of the AFIS committee.

After the initial committee is selected effective July 1, 1986, new members will serve staggered terms of two years. Beginning July 1, 1988, the Iowa state sheriffs and deputies association and the Iowa police executive forum will each choose two new members, who will make up the nine member AFIS committee. Thereafter, the staggered terms will take effect between the sheriffs' representatives and the police chiefs' representatives. Nothing herein shall limit the number of terms any one person may serve.

NEW LETTERED PARAGRAPH. d. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1986 to the Iowa state university of science and technology for funding for the small business development centers the sum of seven hundred thousand (700,000) dollars.

NEW LETTERED PARAGRAPH. e. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1986 to the Iowa state university of science and technology the sum of one hundred thousand (100,000) dollars for allocation to the center for industrial research and service for the hazardous waste research program.

NEW LETTERED PARAGRAPH. f. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1986 to the department of human services the sum of three hundred fifty thousand (350,000) dollars for the purchase of computer equipment for establishing a child support recovery central clearinghouse.

NEW LETTERED PARAGRAPH. g. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1986 to the department of justice the sum of three hundred twenty-five thousand (325,000) dollars for office automation and related personnel costs. The moneys appropriated under this paragraph which have not been expended by the end of the fiscal year shall not revert under section 8.33 or any other provision of law.

NEW LETTERED PARAGRAPH. h. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1986 to the department of public defense for the architect, engineering, equipment and construction of the armory in Mason City the sum of four hundred thirty-eight thousand (438,000) dollars.

NEW LETTERED PARAGRAPH. i. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1986 to the legislative council for the use of the world trade advisory committee the sum of one hundred twenty-five thousand (125,000) dollars, or so much thereof as is necessary, to pay expenses of the members of the committee and other expenses approved by the committee. Notwithstanding subsection 7, any moneys not expended under this paragraph by June 30, 1987 shall revert to the Iowa plan fund to be allotted for the fiscal year beginning July 1, 1987 to the various accounts in the Iowa plan fund.

Sec. 19. 1985 Iowa Acts, chapter 33, section 303, as amended by 1985 Iowa Acts, chapter 256, section 12, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding any other provision of this section, the amount appropriated for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, from the allotments to be made to the community economic betterment account, jobs now account, and the education and agriculture research and development account to each of the funds, agencies, boards, or commissions for the

purposes specified in subsections 2, 3, and 4 of section 302 of this Act shall be the amounts appropriated to each of those funds, agencies, boards, or commissions for the fiscal year beginning July 1, 1985 for those purposes in subsections 2, 3, and 4 of section 301 of this Act, except where a different amount is specified by the general assembly for that fiscal year.

Sec. 20. Section 99E.10, subsection 1, unnumbered paragraph 3, Code Supplement 1985, is amended to read as follows:

The Iowa plan fund for economic development, also to be known as the Iowa plan fund, is created in the office of the treasurer of state. Lottery revenue remaining after expenses are determined shall be transferred to the Iowa plan fund on a quarterly basis. Revenues generated during the last quarter of the fiscal year which are transferred to the Iowa plan fund during the following fiscal year shall be considered revenues transferred during the previous fiscal year for purposes of the allotments made to and appropriations made from the separate accounts in the Iowa plan fund for that previous fiscal year. However, upon the request of the commissioner and subject to approval by the treasurer of state, an amount sufficient to cover the foreseeable administrative expenses of the lottery for a period of twenty-one days may be retained from the lottery revenue. Prior to the quarterly transfer to the Iowa plan fund, the commissioner may direct that lottery revenue shall be deposited in the lottery fund and in interest bearing accounts designated by the treasurer of state in the financial institutions of this state or invested in the manner provided in section 452.10. Interest or earnings paid on the deposits or investments is considered lottery revenue and shall be transferred to the Iowa plan fund in the same manner as other lottery revenue. Money in the Iowa plan fund shall be deposited in interest bearing accounts in financial institutions in this state or invested in the manner provided in section 452.10. The interest or earnings on the deposits or investments shall be considered part of the Iowa plan fund

and shall be retained in the fund unless appropriated by the general assembly.

Sec. 21. 1986 Iowa Acts, House File 2443, section 8, is repealed.

Sec. 22. This Act, being deemed of immediate importance, takes effect from and after its publication in the Globe-Gazette, a newspaper published in Mason City, Iowa, and in The Forest City Summit, a newspaper published in Forest City, Iowa.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2412, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2414

AN ACT

RELATING TO HUNTING AND FISHING.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 110.1, subsection 1, paragraphs c and d, Code 1985, are amended by striking those paragraphs and inserting in lieu thereof the following:

c. Three-day license for residents and nonresidents \$ 5.50

Sec. 2. Section 110.6, Code 1985, is amended to read as follows:

110.6 TROUT LICENSE STAMP.

Any person required to have a fishing license shall not possess trout unless that person has at that time on the person an unexpired special trout license stamp validated by that person's signature written across the face of the stamp in ink, a receipt, or other evidence showing that such trout was lawfully acquired. The proceeds from the sale of this stamp shall be used exclusively to restock trout waters designated by the state conservation commission. The commission may grant a permit to a community event in which trout will be stocked in water which is not designated trout water and a person may catch and possess trout during the period and from the water covered by the permit without having a special trout license stamp.

Sec. 3. NEW SECTION. 110.7 WILD TURKEY LICENSE AND TAG.

1. A resident hunting wild turkey who is required to have a license must have a resident hunting license or combined hunting and fishing license or fur, fish and game license and a wildlife habitat stamp in addition to the wild turkey hunting license.

2. The wild turkey hunting license shall be accompanied by a tag designed to be used only once and separable into two parts. If a wild turkey is taken, the wild turkey shall be tagged with one part of the tag and both parts of the tag should be dated.

Sec. 4. Section 110.8, Code 1985, is amended to read as follows:

110.8 DEER LICENSE AND TAG.

1. A resident hunting deer who is required to have a hunting license must have a resident hunting license or resident combined hunting and fishing license or a fur, fish and game license and a wildlife habitat stamp in addition to the deer hunting license.

2. The deer hunting license shall be accompanied by a tag designed to be used only once and separable into two parts. When a deer is taken, the deer shall be tagged with one part of the tag and both parts of the tag shall be dated.

Sec. 5. Section 110.24, Code Supplement 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. AS used in this section a "farm unit" is all the parcels of land, not necessarily contiguous, which are operated as a unit for agricultural purposes and which are under the lawful control of the landowner or tenant, and a "tenant" is a person, other than the landowner or landowner's family, who resides on the farm unit and is actively engaged in the operation of the farm unit.

Sec. 6. Section 110.24, unnumbered paragraphs 1, 2, and 5, Code Supplement 1985, are amended to read as follows:

Owners or tenants of land, and their juvenile children, may hunt, fish or trap upon such lands and may shoot by lawful

means ground squirrels, gophers, or woodchucks upon adjacent roads without securing a license so to do; except, special licenses to hunt deer and wild turkey shall be required of owners and tenants but they shall not be required to have a special wild turkey hunting license to hunt wild turkey on a game breeding and shooting preserve licensed under chapter 110A.

Upon written application to the state conservation commission, one of the following persons who resides upon the farm unit shall be issued a one deer or a one wild turkey hunting license or both during a calendar year:

1. The owner of a farm unit ~~or~~.
2. One member of the family of the farm owner ~~or~~.
3. The tenant ~~residing on the farm unit or~~.
4. One member of the family of the tenant ~~who resides on the farm unit.~~

Deer or and wild turkey hunting licenses issued under this section ~~shall be~~ are subject to all other provisions of the laws and regulations pertaining to the taking of deer and wild turkey. The deer license and turkey license shall be the equivalent of the least restrictive license issued under section 109.38.

Sec. 7. Section 110.24, unnumbered paragraph 8, Code Supplement 1985, is amended to read as follows:

He A resident of the state under sixteen years of age ~~shall~~ be is not required to have a hunting license to hunt game if accompanied by the minor's parent or guardian or in company with any other competent adult with the consent of the ~~said~~ minor's parent or guardian, if the said person accompanying said the minor ~~shall possess~~ possesses a valid hunting license ~~;~~ providing however, ~~that there is~~ must be one licensed adult accompanying each person under sixteen years of age. The minor must have a deer hunting license to hunt deer and a wild turkey hunting license to hunt wild turkey.

Sec. 8. Section 110.27, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 9. The initial hunter safety certificate shall be issued without cost. A duplicate certificate shall be issued at a cost of three dollars.

Sec. 9. Section 110.32, Code 1985, is amended to read as follows:

110.32 PUBLIC NUISANCE.

Any device, contrivance, or material used to violate any regulation a rule adopted by the commission, or any other provision of this chapter, is hereby ~~declared to be~~ a public nuisance, and ~~it shall be the duty of~~ the state conservation director and the director's officers, or any peace officer, to shall seize such devices, contrivances, or materials so used, without warrant or process, and to deliver them to some a magistrate having jurisdiction. ~~Provided, however, no gun, fishing rod, fishing tackle or~~ An automobile shall not be construed to be a public nuisance under this section.

Sec. 10. Section 110.36, Code 1985, is amended to read as follows:

110.36 MANNER OF CONVEYANCE.

No person, except as permitted by law, shall have or carry any a gun in or on any a vehicle on any a public highway, unless ~~such~~ the gun be is taken down or totally contained in a securely fastened case, and the its barrels and magazines thereof be are unloaded.

Sec. 11. NEW SECTION. 110.38 FREE FISHING DAYS.

The commission may designate one period of the year of not more than three days as free fishing days and during that period the residents may fish and lawfully possess fish without a license.

Sec. 12. Section 110.42, Code 1985, is amended to read as follows:

110.42 PENALTIES.

~~Whoever shall violate any of the provisions~~ A person who
violates a provision of this chapter ~~shall be~~ is guilty of a
simple misdemeanor and shall be fined not less than ten
dollars for each cited offense.

Sec. 13. Section 110.25, Code 1985, is repealed.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and
is known as House File 2414, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____ 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2426

AN ACT

RELATING TO THE DEFERRAL OF FEES, COSTS, OR SECURITY IN CIVIL OR CRIMINAL ACTIONS, AND PROVIDING A PENALTY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 669.1 AFFIDAVIT -- CONTENTS.

A court of the district court, court of appeals, or supreme court shall authorize the commencement, prosecution, or defense of a suit, action, proceeding, or appeal, whether civil or criminal, without the prepayment of fees, costs, or security upon a showing that the person is unable to pay such costs or give security. The person shall submit an affidavit stating the nature of the suit, action, proceeding, or appeal and the affiant's belief that there is an entitlement to redress. Such affidavit shall also include a brief financial statement showing the person's inability to pay costs, fees, or give security. Any authorization to proceed without prepayment of fees, costs, or security under this chapter may be made by the court without hearing. The filing of an affidavit to proceed without the prepayment of fees, costs, or security tolls the applicable statute of limitations. Upon the denial of an application and affidavit to proceed without the prepayment of fees, costs, or security, the person shall have the remainder of the limitations period in which to pay fees, costs, or give security.

Sec. 2. NEW SECTION. 669.2 FILING OF AFFIDAVIT -- DIRECTIONS BY COURT.

When an affidavit pursuant to this chapter is filed with the court in a civil or criminal action, the court shall direct the appropriate officers of the court to issue and serve all necessary writs, process, and proceedings.

Sec. 3. NEW SECTION. 669.3 DEFERRAL OF COSTS.

When an affidavit is filed and a civil or criminal proceeding is instituted, the court shall order that all fees, costs, and security be deferred until final disposition of the proceeding.

Sec. 4. NEW SECTION. 669.4 ORDER TO PAY FEES, COSTS, OR SECURITY -- DISMISSAL FOR FAILURE.

If after entry of an order authorizing prosecution of the case without prepayment of fees, costs, or security, the court finds that the affidavit of inability to pay was without merit, the court may order the person to pay the fees, costs, or security within fourteen days or the case will be dismissed.

Sec. 5. NEW SECTION. 669.6 PENALTY.

A person who knowingly and wrongfully invokes the privileges of this chapter without just cause, or who knowingly makes a false statement regarding the person's inability to pay fees, costs, or security, is guilty of perjury and shall be punished as provided in section 720.2.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2426, Seventy-first General Assembly.

JOSEPH O'BERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

H.F. 2426

HOUSB FILE 2463

AN ACT

RELATING TO COMMERCIAL FISHING AND PROVIDING PENALTIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 1098.1 AUTHORITY OF THE COMMISSION.

The state conservation commission shall observe, administer, and enforce this chapter. The state conservation commission may adopt and enforce rules under chapter 17A as necessary to carry out this chapter.

The state conservation commission may:

1. Remove or cause to be removed from the waters of the state any aquatic species that in the judgment of the commission is an underused renewable resource or has a detrimental effect on other aquatic populations. All proceeds from a sale of these aquatic organisms shall be credited to the state fish and game protection fund.

2. Issue to any person a permit or license authorizing that person to take, possess, and sell underused, undesirable, or injurious aquatic organisms from the waters of the state. The person receiving a permit or license shall comply with the applicable provisions of this chapter.

3. Authorize the director to enter into written contracts for the removal of underused, undesirable, or injurious organisms from the waters of the state. The contracts shall specify all terms and conditions desired. Sections 109.115, 1098.4, 1098.6, and 1098.14 do not apply to these contracts.

4. Prohibit, restrict, or regulate commercial fishing, commercial turtle fishing, and commercial mussel fishing in any waters of the state.

5. Revoke the license of a licensee and the licensee's designated operators for up to one year if the licensee or any designated operator has been convicted of a violation of chapter 109, 1098, or 110.

6. Regulate the numbers of commercial fishers, commercial turtle fishers, and commercial mussel fishers and the amount, type, seasonal use, mesh size, construction and design, manner of use, and other criteria relating to the use of commercial gear for any body of water or part thereof.

7. Establish catch quotas, seasons, size limits, and other regulations for any species of commercial fish, turtles, or mussels for any body of water or part thereof.

8. Designate by listing species as commercial fish, turtles, or mussels.

9. Designate any body of water or its part as protected habitat and restrict, prohibit, or otherwise regulate the taking of commercial fish, turtles, and mussels in protected habitat areas.

Employees of the commission may lift and inspect any commercial gear at any time when being used and may inspect commercial catches, commercial markets, and landings, and examine catch records of commercial fishers, commercial turtle fishers, and commercial mussel fishers upon demand.

Officers of the commission may seize and retain as evidence any illegal fish, turtles, or mussels, or any illegal commercial gear, or any other personal property used in violation of any provision of the Code, and may confiscate any untagged or illegal commercial gear as contraband.

Sec. 2. NEW SECTION. 1098.2 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Boundary waters" means the waters of the Mississippi, Missouri, and Big Sioux rivers.

2. "Commercial fisher" means a person who is licensed to take and sell fish from waters of the state.

3. "Commercial fishing" means taking, attempting to take, or transporting of fish for the purpose of selling, bartering, exchanging, offering, or exposing for sale.

4. "Commercial gear" means the capturing equipment used by commercial fishers, commercial turtle fishers, and commercial mussel fishers.

5. "Commercial mussel fisher" means a person who is licensed to take and sell freshwater mussels from waters of the state.

6. "Commercial mussel fishing" means taking, attempting to take, or transporting of freshwater mussels for the purpose of selling, bartering, exchanging, offering, or exposing for sale.

7. "Commercial species" means species of fish, turtles, and freshwater mussels which may be lawfully taken and sold by commercial fishers, commercial turtle fishers, and commercial mussel fishers, as established by rule by the commission.

8. "Commercial turtle fisher" means a person who is licensed to take and sell turtles from the waters of the state.

9. "Commercial turtle fishing" means taking, attempting to take, or transporting of turtles for the purpose of selling, bartering, exchanging, offering, or exposing for sale.

10. "Constant attendance" means the presence of a commercial fisher or a designated operator whenever commercial gear is in use.

11. "Director" means the director of the Iowa state conservation commission, and the director's duly authorized assistants, deputies, or agents.

12. "Game fish" means all species and size categories of fish not included as "commercial species" or minnows.

13. "Inland waters of the state" means all public waters of the state excluding the boundary waters of the Mississippi, Big Sioux, and Missouri rivers.

14. "Licensed commercial gear" means any commercial gear that is licensed as provided in this chapter and that, when in use, has attached the proper tags as provided by this chapter.

15. "Nonresident or alien" means a person who does not qualify as a resident of the state of Iowa either because of a bona fide residence in another state or because of citizenship of a country other than the United States. However, "alien" does not include a person who has applied for naturalization papers.

16. "Resident" means a person who is legally subject to motor vehicle registration and driver's license laws of this state, or who is qualified to vote in an election of this state.

17. "Waters of the state" means all of the waters under the jurisdiction of the state.

Sec. 3. NEW SECTION. 109B.3 COMMERCIAL FISHING -- WHERE PERMITTED.

It is unlawful to use commercial gear in the taking of commercial fish, turtles, and mussels from the waters of the state, except as otherwise provided by statute or administrative rules of the commission.

Sec. 4. NEW SECTION. 109B.4 COMMERCIAL LICENSES AND GEAR TAGS.

1. A person shall not use or operate commercial gear without possessing an appropriate valid commercial license, or a designated operator's license. A license is valid from the date of issue to January 10 of the succeeding calendar year for which it was issued.

2. It is lawful for a commercial fisher to designate a person as a designated operator to lift and to fish with any or all licensed commercial fishing gear owned by the commercial fisher. The commercial fisher shall submit the

names and addresses of the persons to be designated as designated operators when applying for a commercial fishing license. A commercial fisher shall not have more than five designated operators. A designated operator shall not lift or fish any commercial fishing gear without having first procured a designated operator's license.

3. A boundary water annual sport trotline license permits the licensee to use a maximum of four trotlines with two hundred hooks in the aggregate. All boundary water sport trotlines shall be tagged with the name and address of the licensee on a metal tag affixed above the waterline.

4. Commercial fishers and turtle fishers shall purchase gear tags from the commission to be affixed to each piece of gear in use. Notwithstanding the fee rates for gear tags of subsection 7, the minimum fee for a gear tag is five dollars. All tags are valid for ten years from the date of issue. In addition to the gear tags, all gear shall be tagged with a metal tag showing the name and address of the licensee and whether the gear is fish or turtle gear.

5. All numbered fish gear tags are interchangeable among the different types of commercial fishing gear.

6. Annual license fees are as follows:

a. Commercial fishing, resident	\$200.00
b. Commercial fishing, nonresident	400.00
c. Designated operator, resident	50.00
d. Designated operator, nonresident	100.00
e. Commercial turtle, resident	50.00
f. Commercial turtle, nonresident	100.00
g. Commercial mussel, resident	30.00
h. Commercial mussel, nonresident	400.00
i. Commercial mussel buyer, resident	300.00
j. Commercial mussel buyer, nonresident	2,500.00
k. Boundary water sport trotline, resident	10.00
l. Boundary water sport trotline, nonresident	20.00

7. Commercial fish gear tags are required on the following units of commercial fishing gear at the listed fee:

a. Seine, resident, one gear tag for each 100 feet or fraction thereof	\$1.00
b. Seine, nonresident, one gear tag for each 100 feet or fraction thereof	2.00
c. Trammel net, resident, one gear tag for each 100 feet or fraction thereof	1.00
d. Trammel net, nonresident, one gear tag for each 100 feet or fraction thereof	2.00
e. Gill net, resident, one gear tag for each 100 feet or fraction thereof	1.00
f. Gill net, nonresident, one gear tag for each 100 feet or fraction thereof	2.00
g. Entrapment nets, resident, one gear tag per net	1.00
h. Entrapment nets, nonresident, one gear tag per net	2.00
i. Commercial trotline, resident, one gear tag for each 50 hooks or less	1.00
j. Commercial trotline, nonresident, one gear tag for each 50 hooks or less	2.00

a. Turtle trap gear tags are not interchangeable with other commercial gear. Turtle trap gear tag fees are as follows:

a. Commercial turtle trap, resident, one gear tag per trap	1.00
b. Commercial turtle trap, nonresident, one gear tag per trap	2.00

Sec. 5. NEW SECTION. 109B.5 COMMERCIAL GEAR.

It is lawful for a person who is legally licensed to commercial fish to use the commercial fishing gear of a design, construction, size, season and all other criteria established by the commission for taking those species of fish and turtles designated by the commission by rule.

Sec. 6. NEW SECTION. 109B.6 TAGGING OF COMMERCIAL GEAR.

1. Each trotline shall have the tags affixed to one end. Each hoop net, slat net, trap net, and turtle trap shall have the appropriate tag affixed to the end nearest the pot. Each gill net and each trammel net shall have the tags affixed to the float line nearest the shore stake, but when fished under ice, the tags shall be affixed to the float line nearest the take-out hole. Each seine shall have the tags affixed to one end.

Sec. 7. NEW SECTION. 109B.7 GEAR ATTENDANCE.

1. The licensee or a designated operator must be present when lifting commercial gear. Commercial gear shall be lifted and emptied of catch as provided by the rules of the commission. Constant attendance by the licensee or a designated operator of seines, trammel nets, and gill nets is required when the gear is fished by driving, drive-seining, seining, floating, or drifting methods. Officers of the commission shall grant a reasonable extension of gear attendance intervals in cases of inclement weather or unsafe conditions.

Sec. 8. NEW SECTION. 109B.8 BAIT.

1. It is lawful for licensed commercial fishers, designated operators, commercial turtle fishers, and licensed sport trotline fishers to pursue, take, possess, and transport any commercial fish or their parts, bait fish, turtles, frogs, salamanders, leeches, crayfish, or any other aquatic invertebrates for bait unless otherwise prohibited by law.

2. It is lawful to use any member of the following families as bait fish in boundary waters: Cyprinidae, the minnows; Catostomidae, the suckers; Umbrellidae, the mudminnows; Clupeidae, the herrings; Hiodontidae, the mooneyes; Amniidae, the bowfin unless otherwise prohibited by law.

3. It is lawful to use green sunfish, *Lepomis cyanellus*, and orange-spotted sunfish, *Lepomis humilis*, for bait fish.

4. It is lawful to use minnow seines for taking bait in the boundary waters. Minnow seines may not exceed fifty feet in length and eight feet in depth.

Sec. 9. NEW SECTION. 109B.9 UNLAWFUL METHODS.

It is unlawful:

1. To use commercial gear which is not in accordance with this chapter or the rules of the commission.

2. To use commercial gear within nine hundred feet from a navigation dam on the boundary waters.

3. To use commercial gear within three hundred feet from the mouth of a tributary stream emptying into the boundary waters.

4. For a person to lift or to fish licensed commercial gear of another person, except by the licensee and the licensee's designated operators.

5. To employ chemicals, electricity, or explosives into the water for taking fish, turtles, or freshwater mussels except as authorized by the director.

6. To have in one's possession game fish or other fish, turtles, or mussels deemed illegal by other provisions of law while engaged in commercial activities. A fish caught in commercial fishing that is not lawful to possess shall be handled with wet hands and immediately released under water with as little injury as possible.

7. To block or inhibit navigation through channels with commercial fishing gear unless a minimum of three feet of water depth is maintained over float lines of any entanglement gear or leads to trap nets. Gear shall not block over one-half the width of a navigable channel if there is less than three feet of water over the gear.

Sec. 10. NEW SECTION. 109B.10 SALE OF COMMERCIAL FISH.

1. A person possessing a commercial fishing license or designated operator's license may possess and sell any commercial fish, turtles, or freshwater mussels, or their parts, which have been lawfully taken.

2. All intrastate and interstate shipments of commercial fish or turtles must be accompanied by a label which shows the name and address of the seller and the kinds and pounds of the

catches being sold. Individuals purchasing fish, turtles, or mussels from a commercial fisher, turtle fisher, or mussel fisher need not possess a license.

Sec. 11. NEW SECTION. 109B.11 TURTLES.

1. A person shall not take, possess, or sell turtles from the waters of the state without an appropriate license.

a. A valid sport fishing license entitles a person to take and possess a maximum of one hundred pounds of live turtles or fifty pounds of dressed turtles. The sale of live or dressed turtles is not permitted with a sport fishing license.

b. A commercial turtle license is required to take and possess more than one hundred pounds of live or fifty pounds of dressed turtles. The holder of a commercial turtle license may sell live or dressed turtles.

c. A commercial fishing license or a designated operator's license entitles fishers to operate any licensed commercial fishing gear for taking, possessing, or selling turtles.

2. It is unlawful to take, possess, or **sell** any species of turtles except those designated by the commission by rule.

3. The method of taking turtles shall only be by hand, turtle hook, turtle trap, licensed commercial fishing gear, or other means designated by commission rules. Sport fishers may also use hook-and-line in catching turtles.

4. Any unattended fishing gear used to take turtles on a sport fishing license shall have affixed a metal tag provided by the owner bearing the owner's name and address.

Sec. 12. NEW SECTION. 109B.12 FRESHWATER MUSSELS.

1. A person shall not take, possess, or sell freshwater mussels from the waters of the state without an appropriate license.

a. A sport fishing license entitles a person to take and possess a maximum of twenty pounds of mussels or shells daily. The possession limit for each licensee is twenty pounds of live mussels or shells. Sale of mussels or shells is not permitted with a sport fishing license.

b. A commercial mussel license is required to take more than twenty pounds of mussels or shells daily, or possess more than twenty pounds of mussels or shells. The holder of a commercial mussel license may sell mussels or shells.

c. A commercial mussel buyer license is required to buy mussels or shells.

2. A person may take all species of freshwater mussels, or their parts, except where otherwise prohibited by rules of the commission.

3. The method of taking freshwater mussels shall only be by hand, by diving, or by crowfoot bar, a device designed to catch mussels by inserting hooks between the shells, or by other means designated by rules of the commission. A crowfoot bar shall not exceed twenty feet in length and a licensee shall not fish more than three bars.

Sec. 13. NEW SECTION. 109B.13 RECIPROCITY FOR COMMERCIAL FISHING, COMMERCIAL TURTLE FISHING, AND COMMERCIAL MUSSEL FISHING.

1. Reciprocal commercial fishing, commercial turtle fishing, and commercial freshwater mussel fishing privileges are contingent upon a grant of similar privileges by the appropriate state to residents of this state.

2. The commission may negotiate commercial reciprocity agreements with Other states.

3. Whenever and so long as the states of Minnesota, Wisconsin, Illinois, or Missouri confer upon the commercial clamming licensees of this state reciprocal rights, privileges and immunities, any commercial clamming license issued by such other state shall entitle the licensee to all the rights, privileges and immunities, in and upon the boundary waters between Illinois and this state and between Wisconsin and this state, enjoyed by the holders of equivalent licenses issued by this state; subject, however, to the duties, responsibilities and liabilities imposed on its own licensees by the laws of this state.

Sec. 14. NEW SECTION. 109B.14 REPORTS REQUIRED.

All commercial fishers, commercial turtle fishers, and commercial mussel fishers shall submit a monthly report supplying all information requested on forms furnished by the commission. Reports must be received by the commission no later than the fifteenth day of the following month.

Sec. 15. NEW SECTION. 109B.15 PENALTIES.

A person who violates a provision of this chapter or a rule issued under this chapter is guilty of a simple misdemeanor.

Sec. 16. NEW SECTION. 110.20 RECIPROCITY.

Licenses for bait dealers or for fishing, hunting, or trapping shall not be issued to residents of states that do not sell similar licenses or certificates to residents of Iowa. However, the licensing of nonresident bait dealers who sell at wholesale to licensed dealers in Iowa for resale is permitted.

Sec. 17. Section 110.1, subsections 5 and 6 and subsection 7, paragraphs a through e, Code 1985, are amended by striking those subsections and paragraphs.

Sec. 18. Section 324.17, subsection 13, Code 1985, is amended to read as follows:

13. A bona fide commercial fisher, licensed and operating under an owner's certificate for commercial fishing gear issued pursuant to section ~~110.1~~ shall be 109B.4 is entitled to receive a motor fuel or special fuel tax refund under this section.

Sec. 19. Section 422.110, subsection 4, Code 1985, is amended to read as follows:

4. Motor fuel or special fuel used by a bona fide commercial fisherman fisher, licensed and operating under an owner's certificate for commercial fishing gear issued pursuant to section ~~110.1~~ 109B.4.

Sec. 20. Sections 109.17, 109.29, 109.99 through 109.101, 109.105 through 109.118, and 110.2, Code 1985, are repealed.

Sec. 21. Section 4, subsection 6, paragraph "q" through "j" and section 13, subsection 3 of this Act, being deemed of

immediate importance, shall take effect from and after the Act's publication in the Muscatine Journal, a newspaper published in Muscatine, Iowa and in the North Iowa Times, a newspaper published in McGregor, Iowa.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2463, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2471

AN ACT

RELATING TO TAXATION, BY AMENDING ADMINISTRATIVE REQUIREMENTS OF TAXPAYERS, TAXPAYERS' REPRESENTATIVES, AND PUBLIC AND TAXING AUTHORITIES, INCLUDING NONSUBSTANTIVE AND TECHNICAL CORRECTIONS AND MAKING CERTAIN PROVISIONS OF THE ACT RETROACTIVE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 98.13, subsection 2, Code 1985, is amended to read as follows:

2. ISSUANCE. The department shall issue state permits to distributors, wholesalers, and cigarette vendors subject to the conditions provided in this division. Cities may issue retail permits to dealers within their respective limits. County boards of supervisors may issue retail permits to dealers in their respective counties, outside of the corporate limits of cities. ~~Upon issuance of a retail permit by a city council or board of supervisors, the council or board shall forthwith certify to the department the action taken.~~

Sec. 2. Section 98.22, subsection 1, Code 1985, is amended to read as follows:

1. If ~~any~~ a person holding a permit issued by the department under this division, including a retailer permit for railway car, has willfully violated ~~the provisions of~~ section 38.2, the department shall revoke the permit issued to the person upon notice and hearing. ~~if the person violates~~

any other provision of this division, or any rule ~~promulgated~~ adopted under this division, the department may revoke the permit issued to the person, after giving the permit holder an opportunity to be heard upon ten days' written notice stating the reason for the contemplated revocation and the time and place at which the person may appear and be heard. The hearing shall be held in the county of the permit holder's place of business, or in a county in or through which it transacts business. The notice shall be given by mailing a copy ~~by certified mail~~ to the permit holder's place of business as ~~the same~~ it appears on the application for a permit. If, upon hearing, the department finds that the violation has occurred, the department may revoke the permit.

Sec. 3. Section 98.29, Code 1985, is amended to read as follows:

98.29 NOTICE AND APPEAL.

The department shall notify any person assessed pursuant to section 98.28 by sending a written notice of ~~such~~ the determination and assessment by ~~certified~~ mail to the principal place of business of ~~such~~ the person as shown on the person's application for permit, ~~if any~~, and in case ~~if~~ no ~~such~~ application was filed by ~~such~~ the person, to the person's last known address. Judicial review of action of the department may be sought in accordance with the ~~terms of the~~ Iowa administrative procedure Act and section 422.29.

Sec. 4. Section 98.29, Code 1985, as amended by House File 764, enacted by the Seventy-first General Assembly, 1986 Session, section 8, is amended to read as follows:

98.29 NOTICE AND APPEAL.

The department shall notify any person assessed pursuant to section 98.28 by sending a written notice of the determination and assessment by ~~certified~~ mail to the principal place of business of the person as shown on the person's application ~~for~~ permit, ~~if any~~, and in case ~~if~~ no application was filed by the person, to the person's last known address. A determination by the department of the amount of tax, penalty, and interest due, or the amount of refund for excess tax paid,

is final unless the person aggrieved by the determination appeals to the director for a revision of the determination within thirty days from the postmark date of the notice of determination of tax, penalty, and interest or refund owing. The director shall grant a hearing and upon the hearing, the director shall determine the correct tax, penalty, and interest or refund due and notify the appellant of the decision by **certified** mail. Judicial review of action of the director may be sought in accordance with the ~~terms-of-the~~ Iowa administrative procedure Act and section 422.29.

Sec. 5. Section 98.48, subsection 2, Code 1985, is amended to read as follows:

2. ~~Every~~ **A** hearing conducted under this division shall be preceded by ten days' notice in writing of the subject of the hearing, including, in the case of suspension or revocations of a license, a statement of the nature of the charges against the licensee. The notice shall be sent by **registered** mail to the last known address of the licensee or other person involved in the hearing, and the service shall be complete upon mailing. After every hearing the director shall make the director's findings and order in writing. The findings and order shall be filed in the office of the director, and a copy sent by mail or otherwise to the person to whom the notice was directed.

Sec. 6. Section 324.18, Code 1985, is amended to read as follows:

324.18 REFUND PERMIT.

No **A** person may shall not claim a refund under section 324.17 or section 324.21 until the person ~~shall have~~ has obtained a refund permit from the department of revenue and ~~paid the fee therefor.~~ A special permit shall be obtained by applicants claiming a refund under ~~the provisions of~~ this chapter on account of motor fuel used for the purpose of operating aircraft or used to **blend** gasohol. Application for a refund permit shall be made to the department of revenue on a form provided by the department of revenue, shall be certified by the applicant under penalty for false certificate

and shall contain among other things, the name, the address, and occupation of the applicant, the nature of the applicant's business, and a sufficient description for identification of the machines and equipment in which is to be used motor fuel for which refund may be claimed under the permit. Each permit shall bear a separate number and each claim for refund shall bear the number of the permit under which it is made. The department of revenue shall keep a permanent record of all permits issued and a cumulative record of the amount of refund claimed and paid under each. ~~A fee of one dollar shall be collected by the department of revenue from each person to whom a refund permit is issued.~~ A refund permit shall continue in effect until it is revoked or ~~until the claimant shall have moved from the county with which the claimant's refund permit is identified~~ becomes invalid.

Sec. 7. Section 324.19, unnumbered paragraph 2, Code 1985, is amended to read as follows:

A person whose refund permit is revoked for cause ~~(except~~ ~~cause)~~ may not obtain another refund permit for a period of one year after the revocation. A refund permit under which no refund is claimed for a period of one year ~~from date of~~ **issuance** or a refund permit whose holder has moved from the county ~~wherein~~ in which the holder resided at the time of application for ~~said the~~ permit ~~shall be revoked by the~~ **department of revenue** is invalid subject to reinstatement or issuance of a new permit upon application as provided in section 324.18.

Sec. 8. Section 324.68, unnumbered paragraph 1, Code 1985, is amended to read as follows:

If a licensee files a false report of the data or information required by this chapter, or fails, refuses, or neglects to file a report required by this chapter, or to pay the full amount of fuel tax as required by this chapter, then after ten days' written notice by **registered** mail directed to the last known address of the licensee setting a time and place at which the licensee may appear and show cause why the license should not be canceled, and if the licensee fails to

appear or if upon the hearing it is shown by a preponderance of the evidence that the failure to correctly report or pay was with intent to evade the tax, the appropriate state agency may cancel the license and shall notify the licensee of the cancellation by **registered** mail to the licensee's last known address.

Sec. 9. Section 384.50, unnumbered paragraph 3, Code 1985, is amended to read as follows:

Not less than fifteen days before the hearing, the clerk shall send a copy of the notice by **certified** mail to each property owner whose property is subject to assessment for the improvement at the address as shown by the records of the county auditor. If a property is shown to be in the name of more than one owner at the same mailing address, a single notice may be mailed addressed to all owners at that address. Failure to receive a mailed notice is not a defense to the special assessment.

Sec. 10. Section 384.51, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The council shall meet as specified in the published notice, and after hearing all objections and endorsements from property owners and other persons having an interest in the matter, and after considering all filed, written objections, may adopt or amend and adopt the proposed resolution of necessity, or may defer action until a subsequent meeting. A resolution of necessity requires for passage the vote of three-fourths of all the members of the council, or, in cities having but three members of the council, the vote of two members, and where a remonstrance has been filed with the clerk, signed by the owners subject to seventy-five percent of the amount of the proposed assessments for the entire public improvement included in the resolution of necessity, a resolution of necessity requires a unanimous vote of the council.

PARAGRAPH DIVIDED. An amendment which extends the boundaries of a district, increases the amount to be assessed against a lot, or adds additional public improvements, is not

effective until an amended plat, schedule, and estimate have been prepared and adopted, a notice published and mailed by **certified-mail** to all affected property owners, and hearing held in the same manner as the original proceedings, or until all affected property owners agree in writing to the change. The adoption of a resolution of necessity is a legislative determination that the improvement is expedient and proper and that property assessed will be specially benefited **thereby by the improvement** and this determination of the council is conclusive. Ownership of property to be assessed by any **an** improvement **shaff does** not, except for fraud or bad faith, disqualify a council member from voting on any measure.

Sec. 11. Section 384.56, subsection 3, Code 1985, is amended to read as follows:

3. When any portion of the cost of a public improvement is to be paid by the state under this section, the clerk shall **send**, at the time of publication of the notice required by section 384.50, **mail** a copy of the notice to the secretary of the executive council **by-restricted-certified-mail**.

Sec. 12. Section 384.60, unnumbered paragraph 2, Code 1985, is amended to read as follows:

On or before the second publication of the notice, the clerk shall send by **certified** mail to each property owner whose property is subject to assessment for the improvement, as shown by the records in the office of the county auditor, a copy of the notice. The notice shall also include a statement in substance that assessments may be paid in full or in part without interest within thirty days after the date of the first notice of the final assessment schedule, and thereafter all unpaid special assessments bear interest at the rate specified by the council, but not exceeding that permitted by chapter 74A. computed to the December 1 next following the due dates of the respective installments as provided in section 384.65. subsection 3, and each installment will be delinquent on September 30 following its due date. and will draw additionally the same delinquent interest and the same penalties as ordinary taxes. The notice shall also state

substantially that property owners may elect to pay any installment semiannually in advance. If a property is shown by the records to be in the name of more than one owner at the same mailing address, a single notice may be mailed to all owners at that address. Failure to receive a mailed notice is not a defense to the special assessment.

Sec. 13. Section 384.63, unnumbered paragraph 2, Code 1985, is amended to read as follows:

The council shall, by resolution, provide that the deficiencies for the lots specially benefited by a public improvement shall be certified to the county treasurer, who shall record them in a separate book entitled "Special Assessment Deficiencies", and to the appropriate city official charged with the responsibility of issuing building permits, who shall notify the council when a private improvement is subsequently constructed on any lot subject to a deficiency. Certification to the county treasurer shall include a legal description of each lot. The period of amortization for a public improvement for which there are deficiencies shall commence with the adoption of the resolution of necessity and extend for the same period for which installments of assessments for the project are made payable. Deficiencies may be assessed only during the period of amortization, which shall also be certified to the county treasurer and the city official charged with the responsibility of issuing building permits. Certification to the county treasurer shall include a legal description of each lot.

PARAGRAPH DIVIDED. When a private improvement is constructed on a lot subject to a deficiency during the period of amortization, the council shall, by resolution, assess a pro rata portion of the deficiency on that lot, in the same proportion to the total deficiency on that lot as the number of future installments of special assessments remaining to be paid is to the total number of installments of assessments for the project, subject to the twenty-five percent limitation of section 384.62. A deficiency assessment becomes a lien on the property and is payable in the same

manner, and subject to the same interest and penalties as the other special assessments. The council shall direct the clerk to certify a deficiency assessment to the county treasurer, and to send a notice of the deficiency assessment by certified mail to each owner, as provided in section 384.60, subsection 5, but publication of the notice is not required.

PARAGRAPH DIVIDED. An owner may appeal from the amount of the assessment within thirty days of the date notice is mailed. County officials shall collect a deficiency assessment, commencing in the year following the assessment, in the manner provided for the collection of other special assessments. Upon collection, the county treasurer shall make the appropriate credit entries in the "Special Assessment Deficiencies" book, and shall credit the amounts collected as provided for other special assessments on the same public improvement, or to the city, to the extent that the deficiency has been previously paid from other city funds.

Sec. 14. Section 422.7, subsections 9 and 11, Code Supplement 1985, are amended to read as follows:

9. Subtract the amount of ~~the work-incentive programs credit allowable for the taxable year under section 40 or~~ the jobs tax credit allowable for the tax year under section 44B 51 of the Internal Revenue Code of 1954 to the extent that the credit increased federal adjusted gross income.

ii. Subtract the amount of the alcohol fuel credit allowable for the tax year under section 44B 40 of the Internal Revenue Code of 1954 to the extent that the credit increased federal adjusted gross income.

Sec. 15. Section 422.12, subsections 2 and 3, Code 1985, are amended to read as follows:

2. A child and dependent care credit equal to ten percent of the qualifying employment-related expenses and subject to the same limitations provided by section 44B 21 of the Internal Revenue Code of 1954.

Married taxpayers electing to file separate returns or filing separately on a combined return must allocate the child and dependent care credit to each spouse in the proportion

that each spouse's respective net income bears to the total combined net income. Taxpayers affected by the allocation provisions of section 422.8 shall be permitted a deduction for the credit only in the amount as-is fairly and equitably allocable to Iowa under rules prescribed by the director.

3. A political contributions credit equal to five percent of the first one hundred dollars donated as a political contribution as defined in section ~~41(c)~~ 24(c) of the Internal Revenue Code of 1954. In the case of a married couple filing a joint return, a political contributions credit equal to five percent of the first two hundred dollars donated shall be allowed.

Sec. 16. Section 422.16, subsections 1 and 11, Code 1985, are amended to read as follows:

1. Every withholding agent and every employer as defined in this chapter and further defined in the Internal Revenue Code of 1954, with respect to income tax collected at source, making payment of wages to ~~either-a-resident-employee-or-eapfapeesi-or~~ a nonresident employee ~~or-employees~~, working in Iowa, or to a resident employee, shall deduct and withhold from the wages an amount which will approximate the employee's annual tax liability on a calendar year basis, calculated on the basis of tables to be prepared by the department and schedules or percentage rates, based on the wages, to be prescribed by the department. Every employee or other person shall declare to the employer or withholding agent the number of the employee's or other person's personal exemptions and dependency exemptions or credits to be used in applying the tables and schedules or percentage rates, ~~provided that,~~ However, no more greater number of personal or dependency exemptions or credits may be declared by the employee or other person than the number to which the employee or other person is entitled except as ~~rilowec~~ under section ~~320(m)(1)~~ 3402(m)(1) of the Internal Revenue Code of 1954. The claiming of exemptions or credits in excess of entitlement is a serious misdemeanor.

11. a. Every person or married couple filing a **joint** return shall make ~~a-declaration-of~~ tstimated tax payments if the person's or **their couple's** Iowa income tax attributable to income other than wages subject to withholding can reasonably be expected to amount to fifty dollars or more for the taxable year, except that, in the cases of farmers and fishermen, the exceptions provided in the Internal Revenue Code of 1954 with respect to ~~such-declarations~~ making estimated payments shall apply. ~~The-declaration-provided-for-herein-shall-be-filed-on-or-before-the-last-day-of-the-fourth-month-of-the-taxpayer's-tax-year-for-which-such-declaration-is-fied,-in-such-form-as-the-director-may-require-by-regulations.~~ The estimated tax shall be paid in quarterly installments. The first installment shall be paid ~~at-the-time-of-fiting-the~~ declaration on or before the last day of the fourth month of the taxpayer's tax year for which the estimated payments apply. The other installments shall be paid on or before June 30, September 30, and January 31. However, at the election of the person or married couple ~~filing-jointly~~, any installment of the estimated tax may be paid prior to the date prescribed for its payment. **Whenever If** a person or married couple filing a **joint** return **have has** reason to believe that the person's or **their couple's** Iowa income tax may increase or decrease, either for purposes of ~~meating~~ the requirement to ~~file-a-declaration-of~~ make estimated tax payments or for the purpose of increasing or decreasing ~~such-declaration,-an~~ amended-estimate estimated tax payments, shall ~~be-filed-by-the-person-or-them-to-reflect-such~~ be-filed-by-the person-or-them-to-reflect-such increase or decrease in any subsequent estimated fore-income tax payments accordingly.

b. In the case of persons or married couples filing jointly, the total balance of the tax payable **after** credits for taxes paid through withholding, as provided in subsection 1 of this section, or through ~~declaration-and~~ payment of estimated tax, or a combination of ~~such~~ withholding and ~~declaration-of~~ estimated tax ~~payments,-as-provided-herein,~~ shall-be is due and payable on or before April 30, ~~next~~ following the close of the calendar year, or if the return

should is to be made on the basis of a fiscal year, then on or before the last day of the fourth month next following the close of such the fiscal year.

~~c.--The-declaration-provided-for-in-this-section-may-be filed-or-amended-during-the-taxable-year-under-regulations prescribed-by-the-director^~~

d c. If a taxpayer is unable to make the taxpayer's own decfaratian estimated tax payments, the declaration payments may be made by a duly authorized agent, or by the guardian or other person charged with the care of the person or property of such the taxpayer.

• d. Any amount of tax-paid-an-a-deafatation-ef estimated tax ~~shall-be paid is~~ a credit against the amount of tax found payable on a final, completed return, as provided in subsection 9, relating to the credit for the tax withheld against the tax found payable on a return properly and correctly prepared under ~~the-previsions-of-section sections 422.57-to-and-including-section~~ through 422.25, and any overpayment of one dollar or more shall be refunded to the taxpayer and the return ~~shall-constitute~~ constitutes a claim for refund for this purpose. Amounts less than one dollar shall not be refunded ~~to-the-taxpayer-only-upon-written application-in-accordance-with-section-422.747-but-only-if-the application-is-filed-within-twelve-months-after-the-due-date for-the-return.~~ The method provided by the Internal Revenue Code of 1954 for determining what is applicable to the addition to tax for underpayment of the tax payable applies to persons required to ~~file-declarations-and~~ make payments of estimated tax under this section except the amount to be added to the tax for underpayment of estimated tax ~~shall-be is~~ an amount determined at the rate in effect under section 421.7. This addition to tax specified for underpayment of the tax payable is not subject to waiver provisions relating to reasonable cause, except as ovided in the Internal Revenue Code of 1954. Underpayment of estimated tax shall be determined in the same manner as provided under the Internal Revenue Code of 1954 and the exceptions ~~therein in the~~ Internal Revenue Code of 1954 also apply.

. f e. In lieu of claiming a refund, the taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return for the taxable year credited to the taxpayer's tax liability for the following taxable year.

Sec. 17. Section 422.17, Code 1985, is amended to read as follows:

422.17 CERTIFICATE ISSUED BY DEPARTMENT TO MAKE PAYMENTS WITHOUT WITHHOLDING.

Any nonresident whose Iowa income is not subject to section 422.16, subsection 1, in whole or in part, and who elects to be governed by subsection 12 of said that section to the extent that the nonresident makes-such-deesaratian-and pays the entire amount of tax properly estimated thereunder on or before the last day of the fourth month of the nonresident's tax year, for sack the year, may for ~~each-such the~~ year of each-such the election and such payment, be granted a certificate from the department authorizing each withholding agent, the income from whom the nonresident has included considered in the ~~nonresident's-declaration-of-estimate~~ payment of estimated tax and to the extent such the income is included in ~~sack-decfatatron-of the~~ estimate, to make payments of income to such the nonresident without withholding such tax from such those payments. Withholding agents, ~~whenever-sack if~~ payments exceed the amount tax liability estimated by such the nonresident ~~upon-the-nonresident's-declaration-of estimate?~~ as indicated upon such the certificate, shall ~~proceed-to~~ withhold tax in accordance with subsection 12 of section 422.16.

Sec. 18. Section 422.23, unnumbered paragraph 2, Code 1985. is amended to read as follows:

The judge of the district court in which the estate of the decedent is probated may, upon application being filed by the executor or administrator setting forth the income received by said the estate, fix a time and place for hearing upon said the application and prescribe the notice to be given to the director and may upon hearing determine whether or not the said estate is subject to income tax and, if the facts warrant

such-a ~~that~~ finding, enter an order relieving said the executor or administrator from making an income tax report and order that the ~~said~~ estate is not subject to the payment of income tax. ~~Such~~ The order ~~shall~~ is not ~~became~~ final until thirty days after ~~the-same~~ it has been filed with the clerk of the district court and a copy of the order entered by the judge shall be immediately mailed to the director by ~~said~~ the executor or administrator ~~by-registered-mail~~ and a return filed showing the mailing of the same order.

Sec. 19. Section 422.25, subsection 1, Code 1985, is amended to read as follows:

1. Within three years after the return is filed or within three years after the return became due, including any extensions of time for filing, whichever time is the later, the department shall examine it and determine the correct amount of tax, and the amount determined by the department ~~shall-be~~ is the tax. However, if the taxpayer omits from income an amount as which will, under the Internal Revenue Code of 1954, extend the statute of limitations for assessment of federal tax to six years under the federal law, the period for examination and determination is six years. In addition to the applicable period of limitation for examination and determination, the department may make an examination and determination at any time within six months from the date of receipt by the department of written notice from the taxpayer of the final disposition of any matter between the taxpayer and the internal revenue service with respect to the particular tax year. In order to begin the running of the six-months' period, the notice shall be in writing in any form sufficient to inform the department of the final disposition with respect to that year, and a copy of the federal document showing the final disposition or final federal adjustments shall be attached to the notice.

PARAGRAPH DIVIDED. The period for examination and determination of the correct amount of tax is unlimited in the case of a false or fraudulent return made with the intent to evade tax or in the case of a failure to file a return. In

lieu of the period of limitation for any prior year for which an overpayment of tax or an elimination or reduction of an underpayment of tax due for that prior year results from the carryback to that prior year of a net operating loss or net capital loss, the period is the period of limitation for the taxable year of the net operating loss or net capital loss which results in the carryback. The burden of proof of additional tax owing under the six-year period, or unlimited period, is on the department. If the tax found due is greater than the amount paid, the department shall compute the amount due, together with interest and penalties as provided in subsection 2, and shall notify the taxpayer by **certified** mail of the total, which shall be computed as a sum certain if paid on or before the last day of the month in which the notice is postmarked, or on or before the last day of the following month if the notice is postmarked after the twentieth day of any month. The notice shall also inform the taxpayer of the additional interest and penalty which will be added to the total due if not paid on or before the last day of the applicable month.

Sec. 20. Section 422.27, subsection 1, Code Supplement 1985, is amended to read as follows:

1. A final account of a personal representative shall not be allowed by any court ~~anti-thirty-days-after-written-notice-is-given-to-the-department-of-the-proposed-discharge-of-the-personal-representative-and~~ unless the account shows, and the judge of the court finds, that all taxes imposed by this division upon the personal representative, which have become payable, have been paid, and that all taxes which may become due are secured by bond, deposit, or otherwise. The certificate of the director and the receipt for the amount of the tax certified ~~shall-be~~ are conclusive as to the payment of the tax to the extent of the certificate.

Sec. 21. Section 322.28, Code 1985, as amended by House File 764, enacted by the Seventy-first General Assembly, 1386 Session, is amended to read as follows:

422.28 REVISION OF TAX.

A taxpayer may appeal to the director for revision of the tax, interest or penalties assessed at any time within thirty sixty days from the date of the notice of the assessment of tax, additional tax, interest or penalties. The director shall grant a hearing and if, upon the hearing, the director determine; that the tax, interest or penalties are excessive or incorrect, the director shall revise them according to the law and the facts and adjust the computation of the tax, interest or penalties accordingly. The director shall notify the taxpayer by **registered** mail of the result of the hearing and shall refund to the taxpayer the amount, if any, paid in excess of the tax, interest or penalties found by the director to be due, with interest after sixty days from the date of payment by the taxpayer at the rate in effect under section **421.7** for each month or a fraction of a month. The director may, on the director's own motion at any time, abate any portion of tax, interest or penalties which the director determines is excessive in amount, or erroneously or illegally assessed. The director shall prepare quarterly reports, which shall be included in the annual statistical reports required under section **422.75**, summarizing each case in which an abatement of tax, interest or penalties was made under this section, but a report shall not disclose the identity of the taxpayer.

Sec. 22. Section **422.33**, subsection 4, Code Supplement **1985**, is amended to read as follows:

4. In addition to all taxes imposed under this division, there is imposed upon each corporation doing business within the state a state minimum tax for tax preference equal to seventy percent of the state's apportioned share of the federal minimum tax. The state's apportioned share of the federal minimum tax is a percent equal to the ratio of the federal minimum tax on preferences attributable to Iowa to the federal minimum tax on all preferences. The director shall prescribe rules for the determination of the amount of the federal minimum tax on preferences attributable to Iowa which shall be raised as much as equitably possible on the allocation

and apportionment provisions of subsections 2 and 3. For purposes of this subsection, "federal minimum tax" means the federal minimum tax for tax preferences computed under ~~sections 55 to 58~~ section 56 of the Internal Revenue Code of **1954** for the tax year.

Sec. 23. Section **422.35**, subsections 6 and 8, Code **1985**, are amended to read as follows:

6. Subtract the amount of the ~~work-incentive-programs credit allowable for the tax year under section 40 or the~~ jobs tax credit allowable for the tax year under section **44B 51** of the Internal Revenue Code of **1954** to the extent that the credit increased federal taxable income.

8. Subtract the amount of the alcohol fuel credit allowable for the tax year under section **40E 40** of the Internal Revenue Code of **1954**, to the extent that the credit increased federal taxable income.

Sec. 24. Section **422.42**, unnumbered paragraph 3, Code Supplement **1985**, is amended by striking the unnumbered paragraph.

Sec. 25. Section **422.45**, subsection 27, paragraph a, subparagraph (1), Code Supplement **1985**, is amended to read as follows:

(1) "Insurance company" means an insurer organized or operating under chapters 508, 514, 515, 518, 519, 520 or authorized to do business in Iowa as an insurer and having fifty or more persons employed in this state excluding licensed insurance agents.

Sec. 26. Section **422.53**, subsection 5, Code **1985**, is amended to read as follows:

5. If the holder of a permit fails to comply with any of the provisions of this division or any **orders order** or **rules** rule of the department adopted under this division, the director ~~upon hearing after giving ten days notice of the time and place of the hearing to show cause why the permit should not be revoked,~~ may revoke the permit. The director shall send notice by mail to a permit holder informing that person of the director's intent to revoke the permit and of

the Permit holder's right to a hearing on the matter. If the permit holder petitions the director for a hearing on the proposed revocation, after giving ten days' notice of the time and place of the hearing in accordance with section 17A.18, subsection 3, the matter may be heard and a decision rendered.

The director may restore permits after revocation. The director shall adopt rules setting forth the period of time a retailer must wait before a permit may be restored or a new permit may be issued. The waiting period shall not exceed ninety days from the date of the revocation of the permit.

Sec. 27. Section 422.57. subsection 1, Code 1985, is amended to read as follows:

1. ~~Any A~~ notice authorized or required under ~~the provisions of~~ this division may be given by mailing the ~~same notice~~ to the person for whom it is intended ~~by certified mail~~, addressed to ~~such that~~ person at the address given in the last return filed by the person pursuant to ~~the provisions of~~ this division, or if no return has been filed, then to ~~such any~~ address as may be obtainable. The mailing of ~~such the~~ notice ~~shall be~~ is presumptive evidence of the receipt of the ~~same notice~~ by the person to whom addressed. Any period of time which is determined according to ~~the provisions of~~ this division by the giving of notice ~~shall commence~~ commences to run from the date of registration and posting of ~~such the~~ notice.

Sec. 28. Section 422.60, unnumbered paragraph 2, Code 1985, is amended to read as follows:

In addition to all taxes imposed under this division, there is imposed upon each financial institution doing business within the state a state minimum tax for tax preference items equal to seventy percent of the state's apportioned share of the federal minimum tax. The state's apportioned share of the federal minimum tax is a percent equal to the ratio of the federal minimum tax on preferences attributable to Iowa to the federal minimum tax on all preferences. The director shall prescribe rules for the determination of the amount of the federal minimum tax on preferences attributable to Iowa which

shall be based as much as equitably possible on the allocation and apportionment provisions of section 422.63. For purposes of this subsection, "federal minimum tax" means the federal minimum tax for tax preferences computed and paid or payable under ~~sections 55 to 58~~ section 56 of the Internal Revenue Code of 1954.

Sec. 29. Section 422.110, unnumbered paragraph 1, Code 1985, is amended to read as follows:

In lieu of the fuel tax refund provided in sections 324.17 to 324.19, ~~each a~~ person or corporation subject to taxation under divisions II or III of this chapter, except ~~those persons or corporations~~ licensed under section 324.4 or 324.36, may elect to receive an income tax credit for tax years beginning on or after January 1, 1975. The person or corporation which elects to receive an income tax credit shall cancel its refund permit obtained under section 324.18 within thirty days after the first day of its tax year ~~or the permit becomes invalid at that time~~. For the purposes of this section ~~the term~~, "person" includes a person claiming a tax credit based upon the person's pro rata share of the earnings from a partnership or corporation which ~~corporation or partnership as a business entity~~ is not subject to a tax under division II or III of this chapter as a partnership or corporation. When ~~if~~ the election to receive an income tax credit has been made, it remains effective for at least one tax year, and for subsequent tax years unless a change is requested and a new refund permit applied for within thirty days after the first day of the person's or corporation's tax year. The income tax credit shall be the amount of the Iowa fuel tax paid on fuel purchased by the person or corporation and used as follows:

Sec. 30. Section 422A.1, unnumbered paragraph 2, Code 1985, is amended to read as follows:

A local hotel and motel tax shall be imposed on January 1, April 1, July 1, or October 1, following the notification of the director of revenue. Once imposed, the tax shall remain in effect at the rate imposed for a minimum of one year. A

local hotel and motel tax shall terminate only on March 31, June 30, September 30, or December 31. At least sixty days prior to the tax being effective or prior to a revision in the tax rate, or prior to the repeal of the tax, a city or county shall provide notice by certified mail of such action to the director of revenue.

Sec. 31. Section 423.7, Code 1985, is amended to read as follows:

423.7 VEHICLES SUBJECT TO REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE.

The tax imposed upon the use of vehicles subject to registration or subject only to the issuance of a certificate of title shall be paid by the owner of the vehicle to the county treasurer or the state department of transportation from whom the registration receipt or certificate of title is obtained. A registration receipt for a vehicle subject to registration or certificate of title shall not be issued until the tax has been paid. The county treasurer or the state department of transportation shall require every applicant for a registration receipt for a vehicle subject to registration or certificate of title to supply information as the county treasurer or the director deems necessary as to the time of purchase, the purchase price, and other information relative to the purchase of the vehicle. On or before the tenth day of each month the county treasurer or the state department of transportation shall remit to the department the amount of the taxes collected during the preceding month, ~~accompanied by a copy of each registration receipt issued in conjunction with the certificate of title issued for each vehicle.~~

Sec. 32. Section 425.3, unnumbered paragraph 4, Code 1985, is amended to read as follows:

The county auditor shall forward the claims to the board of supervisors. The board shall allow or disallow the claims. If the board disallows a claim, it shall send written notice, by certified mail, to the claimant at the claimant's last known address. The notice shall state the reasons for disallowing the claim for the credit.

Sec. 33. Section 425.33, unnumbered paragraph 1, Code 1985, is amended to read as follows:

If upon petition by a claimant the department of revenue determines that a landlord has increased the claimant's rent primarily because the claimant is eligible for reimbursement under this division, the department of revenue shall request the landlord by **certified** mail to reduce the rent appropriately.

Sec. 34. Section 425.34, Code 1985, is amended to read as follows:

425.33 HEARINGS AND APPEALS.

If the department of revenue orders a landlord to reduce rent to a claimant, then upon the request of the landlord the department of revenue shall hold a prompt hearing of the matter, to be conducted in accordance with the rules of the department. The department of revenue shall give notice of the decision by **certified** mail to the claimant and to the landlord.

The claimant and the landlord shall have the rights of appeal and review as provided in section 425.31.

Sec. 35. Section 427.1, subsection 26, Code Supplement 1985, is amended to read as follows:

26. REVOKING EXEMPTION. Any taxpayer or any taxing district may make application to the director of revenue for revocation for any exemption, based upon alleged violations of ~~the provisions of~~ this chapter. The director of revenue may also on the director's own motion set aside any exemption which has been granted upon property for which exemption is claimed under this chapter. The director of revenue shall give notice by ~~certified~~ mail to the societies or organizations claiming an exemption upon property, exemption of which is questioned before or by the director of revenue, and any order made by the director of revenue revoking or modifying ~~such an~~ exemption ~~shall be~~ is subject to judicial review in accordance with ~~the terms of~~ the Iowa administrative procedure Act. Notwithstanding the terms of ~~said that~~ Act, petitions for judicial review may be filed in the district

court having jurisdiction in the county in which such the property is located, and must be filed within thirty days after any order revoking sack an exemption is made by the director of revenue.

Sec. 36. Section 427.6, unnumbered paragraph 4, Code 1985, is amended to read as follows:

The county auditor shall forward the claims to the board of supervisors. The board shall allow or disallow the claims. If the board disallows a claim, it shall send written notice, by certified mail, to the claimant at the claimant's last known address. The notice shall state the reasons for disallowing the claim for the exemption.

Sec. 37. Section 429.1, Code 1985, is amended to read as follows:

429.1 NOTICE OF ASSESSMENT.

The director of revenue shall, at the time of making the assessment of property as provided in chapters 428, 433, 434, 436, 437, and 438, inform the person assessed, by certified mail, of the valuation put upon the taxpayer's property. The notice shall contain a notice of the taxpayer's right of appeal to the state board of tax review as provided in section ~~429.1~~ 429.2.

Sec. 38. Section 435.6, unnumbered paragraph 3, Code 1985, is amended to read as follows:

If the tax due is greater than the amount paid, the department shall compute the amount due, together with interest and penalties as provided in section 435.5, and shall notify the taxpayer by certified mail of the total if paid on or before the last day of the month in which the notice is postmarked.

Sec. 33. Section 437.4, Code 1985, is amended to read as follows:

437.4 ADDITIONAL STATEMENT.

Upon receipt of said the statements from the ~~several~~ companies, the director of revenue shall examine sack the statements, and if the director ~~shall-deem-same~~ deems them insufficient, and that further information is requisite

required, the director shall require the company making same the statements to make sack other or further statement as the director may-desire deems necessary, notifying sack the company thereof by certified mail.

Sec. 40. Section 437.5, Code 1985, is amended to read as follows:

437.5 FAILURE TO FURNISH.

In case of the total failure or refusal to make any statement required by sections 437.2 and 437.4 to be made by May 1 in any year, or of failure or refusal to make sack other or further statement within thirty days from the time the certified-mail notice thereof is received by said the company that the same additional statement is required by the director of revenue, such the company shall forfeit and pay to the state, one hundred dollars for each day the total failure or refusal to make any report is continued beyond the said first day of May of the year in which it is required, or in case of any such other or further report required by the director for each day the-tame it is delayed beyond thirty days from the receipt of the notice by said the company that same the additional report is required?-sack. The forfeiture to shall be sued for and recovered in any proper form of action in the name of the state and on relation of the director of revenue of the state, and such the penalty, when collected, shall be paid into the general fund of the state.

Sec. 41. Section 441.65, Code 1985, is amended to read as follows:

441.65 PLATTING FOR ASSESSMENT AND TAXATION BY AUDITOR.

Whenever If a lot or subdivision of land is owned by two or more persons in severalty, and the description of one or more of the different parts or parcels ~~thereof~~ cannot, in the judgment of the county auditor or the assessor, be made sufficiently certain and accurate for the purposes of assessment and taxation without noting the metes and bounds of the same property, or ~~whenever if~~ the proprietor of any a subdivision of land has sold or conveyed any part ~~thereof~~ of it, or invested the public with any rights therein in it, and

has failed to file for record a plat as provided in chapter 409, the county auditor ~~by certified mail~~ shall notify all of the owners by mail, and demand compliance. If the owners fail to execute and file the plat within sixty days after the issuance of such the notice to execute and file said the plat for record, the auditor shall ~~cause make~~ make a plat to-be-made-as the-auditor-deems-appropriate in accordance with the provisions-of chapter 409. The auditor may contract for the services of a registered land surveyor as necessary to comply with this section.

PARAGRAPH DIVIDED. Every conveyance of land in this state ~~shall-be is~~ deemed to be a warranty that the description ~~therein~~ contained in the conveyance is sufficiently definite and accurate to enable the auditor to enter ~~the-same it~~ on the plat book required to be kept ~~and-when.~~ When there is presented for entry on the transfer book ~~any a~~ conveyance in which ~~the~~ description is not sufficiently definite and accurate, the auditor shall note such fact on the deed, with that of the entry for transfer, and shall notify the person presenting it that the land ~~therein~~ is not sufficiently described, and that it must be platted within sixty days ~~thereafter.~~ If the grantor in the conveyance ~~shall-neglect neglects~~ for sixty days ~~thereafter~~ to file for record a plat ~~thereof of the property~~, then the auditor shall proceed as is provided in this section, and cause make the plat to-be-made in accordance with the-previsions-of chapter 409 and recorded record the plat in the office offices of the auditor, ~~and-the office-of~~ the county recorder, and ~~in-the-office-of~~ the assessor.

Sec. 42. Section 443.7, Code 1985, is amended to read as follows:

143.7 NOTICE.

Before assessing and listing for taxation any omitted property, the assessor or auditor shall notify by certified mail ~~the person, firm, corporation, or administrator or other person~~ in whose name the property is taxed, to appear before ~~the assessor or auditor~~ at the ~~assessor's or auditor's~~ office

within ten days from the time date of said the notice and show cause, if any there-be, why ~~such the~~ correction or assessment should not be made.

Sec. 43. Section 447.9, Code 1985, is amended to read as follows:

447.9 NOTICE OF EXPIRATION OF RIGHT OF REDEMPTION.

After two years and nine months from the date of sale, or after nine months from the date of a sale made under the provisions-of section 446.18, 446.38 or 446.39, the holder of the certificate of purchase may cause to be served upon the person in possession of the real estate, and also upon the person in whose name the real estate is taxed, ~~if-the-person resides-in-the-county-where-the-land-is-situated,~~ in the manner provided for the service of original notices, a notice signed by the certificate holder or the certificate holder's agent or attorney. stating the date of sale, the description of the property sold, the name of the purchaser, and that the right of redemption will expire and a deed for the land be made unless redemption is made within ninety days from the completed service of the notice. When the notice is given by a county as a holder of a certificate of purchase the notice shall be signed by the county treasurer, and when given by a city. it shall be signed by the city officer designated by resolution of the council. When the notice is given by the Iowa housing finance authority or a city or county agency holding the property as part of an Iowa homesteading project, it shall be signed on behalf of the agency or authority by one of its officers. as authorized in rules of the agency or authority.

PARAGRAPH DIVIDED. Service of the notice shall also be made by certified mail on any mortgagee ~~or-assignee-of-record,~~ ~~whether-resident-or-nonresident-of-the-county,~~ ~~if-the mortgagee's-or-assignee's-address-is-disclosed-by-the-recorded instrument-or-by-a-certificate-showing-the-address-of-the mortgagee-or-assignee-duly-filed-with-the-recorder,~~ or having a lien upon the real estate, a vendor of the real estate under a recorded contract of sale, a lessor who has a recorded lease

or memorandum of a recorded lease, and any other person who has an interest of record, at the person's last known address, and on the state of Iowa in case of an old-age assistance lien by service upon the state department of human services. The notice shall also be served on any city where the real estate is situated.

Sec. 44. Section 450.58, Code Supplement 1985, is amended to read as follows:

450.58 FINAL SETTLEMENT TO SHOW PAYMENT.

The final settlement of the account of a personal representative shall not be accepted or allowed ~~until thirty days after written notice is given to the department of the proposed discharge of the personal representative and~~ unless it shows, and the court finds, that all taxes imposed by this chapter upon any property or interest in property that is made payable by the personal representative and to be settled by the account, has been paid, and that the receipt of the department of revenue for the tax has been obtained as provided in section 450.64. Any order contravening this section is void.

Sec. 45. Section 450.94, subsection 3, Code Supplement 1985, is amended to read as follows:

3. If the amount paid is greater than the correct tax, penalty, and interest due, the department shall refund the excess, with interest after sixty days from the date of payment at the rate in effect under section 421.7, under the rules prescribed by the director. However, the director shall not allow a claim for refund or credit that has not been filed with the department within three years after the tax payment upon which a refund or credit is claimed became due, or one year after the tax payment was made, whichever time is the later. A determination by the department of the amount of tax, penalty, and interest due, or the amount of refund or excess tax paid, is final unless the person aggrieved by the determination appeals to the director or a revision of the determination within ninety days from the postmark date of the notice of determination of tax, penalty, and interest due or

refund owing. The director shall grant a hearing, and upon the hearing the director shall determine the correct tax, penalty, and interest or refund due, and notify the appellant of the decision by certified mail. The decision of the director is final unless the appellant seeks judicial review of the director's decision under section 450.59 within sixty days after the postmark date of the notice of the director's decision.

Sec. 46. Section 450A.2, unnumbered paragraph 1, Code 1985, is amended to read as follows:

A tax is hereby imposed on the transfer of any property, included in a generation skipping transfer occurring at the same time as, or after, the death of the deemed transferor, equal to the amount of the maximum federal credit allowable under section ~~2602(c)(5)~~ 2602(c)(5)(B) of the Internal Revenue Code of 1954, for that portion of state estate, inheritance, legacy, or succession tax paid in respect of any property included in the generation skipping transfer.

Sec. 47. Section 451.6, Code 1985, is amended to read as follows:

451.6 PAYMENT OF TAX.

The tax imposed by this chapter shall be paid by the personal representative to the department of revenue within twelve months from the date of on or before the last day of the ninth month after the death of such the decedent-at-in case-such-decedent-died-more-than-twelve-months-prior-to-April 12, 1929-then-within-six-months-after-the-effective-date hereof.

Sec. 48. Section 428A.14, Code 1985, is repealed.

Sec. 49. Sections 434.2, 434.3, 434.4, and 434.5, Code 1985, are repealed.

Sec. 50. Sections 20 and 43 are effective for final reports of personal representatives filed on or after July 1, 1985 and to this extent these sections are retroactive.

Sec. 51. Sections 13, 15, 16, 17, 22, 23, 27, 45, and 47 are retroactive to January 1, 1986 for tax years beginning on or deemed transfers dying on or after January 1, 1986.

Sec. 52. Section 46 is effective for estates of decedents dying on or after July 1, 1986.

Sec. 53. Section 4 is effective January 1, 1987.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2471, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2472

AN ACT

RELATING TO TAXATION BY UPDATING REFERENCES TO THE INTERNAL REVENUE CODE, ELIMINATING ONE OF THE NET OPERATING LOSS DEDUCTIONS IN COMPUTING THE STATE MINIMUM TAX, REMOVING THE REQUIREMENT THAT MEMBERS OF AN AFFILIATED GROUP OF CORPORATIONS CONSENT IN WRITING TO THE FILING OF A CONSOLIDATED CORPORATION INCOME TAX RETURN, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 18B.10, unnumbered paragraph 1, Code 1985, is amended to read as follows:

At the request of an employee through contractual agreement the board may arrange for the purchase of group or individual annuity contracts for any of its employees from any company the employee chooses that is authorized to do business in this state and through an Iowa-licensed insurance agent that the employee selects, for retirement or other purposes, and may

make payroll deductions in accordance with the arrangements for the purpose of paying the entire premium due and to become due under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits afforded under section 403b of the Internal Revenue Code of 1954 as amended to July 17, 1983, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums.

Sec. 2. Section 218.16, Code 1985, is amended to read as follows:

218.16 ANNUITY CONTRACTS FOR EMPLOYEES.

At the request of an employee through contractual agreement, the department of human services or any institution under its jurisdiction may purchase an individual annuity contract for an employee, from sach an insurance organization the employee chooses that is authorized to do business in this state and through an Iowa-licensed insurance agent ~~as~~ that the employee ~~may-select~~ selects, for retirement or other purposes, and may make payroll deductions in accordance with sach the arrangements for the purpose of paying the entire premium due and to become due under sach the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits afforded under section 403(b) of the Internal Revenue Code of 1954 and-amendments-thereto& defined in section 422.3. The employee's rights under such the annuity contracts-shall-be contract are nonforfeitable except for the failure to pay premiums.

Sec. 3. Section 257.10, subsection 13, Code Supplement 1985, is amended to read as follows:

13. At the request of an employee through contractual agreement the board may arrange for the purchase of group or individual annuity contracts for any of its ~~respective~~ employees from any company the employee ~~mag-choose~~ chooses that is authorized to do business in this state and through an Iowa-licensed insurance agent that the employee ~~may-select~~

selects, for retirement or other purposes, and may make payroll deductions in accordance with such the arrangements for the purpose of paying the entire premium due and to become due under such the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits **afforded** under section 403b of the Internal Revenue Code of 1954 ~~and-amendments-thereto, as defined in section 422.3~~. The employee's rights under such the annuity contract ~~shall-be~~ are nonforfeitable except for the failure to pay premiums. **Whenever If** an existing tax-sheltered annuity contract is to be replaced by a new contract the agent or representative of the company shall submit a letter of intent by registered mail to the company being replaced, to the insurance ~~commissioner~~ of the state of Iowa, and to the **agent agent's** or representative's own company at **least** thirty days prior to any action ~~by-registered-mail~~. This letter of intent shall contain the policy number and description of the contract being replaced and a description of the replacement contract.

Sec. 4. Section 262.21, unnumbered paragraph 1, Code 1985, is amended to read as follows:

At the request of an employee through contractual agreement the board may arrange for the purchase of group or individual annuity contracts for any of its **respective** employees from any company the employee **may-choose chooses** that is authorized to do business in this state, for retirement or other purposes, and may make payroll deductions in accordance with such the arrangements for the purpose of paying the entire premium due and to become due under such the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits **afforded** under section 403b of the Internal Revenue Code of 1954 ~~and-amendments-thereteas defined in section 422.3~~. The employee's rights under such the annuity contract ~~shall-be~~ are nonforfeitable except for the failure to pay premiums.

Sec. 5. Section 273.3, subsection 15, Code Supplement 1985, is amended to read as follows:

15. At the request of an employee through contractual agreement the board may arrange for the purchase of an individual annuity contract for any of its **respective** employees from any company the employee **may-choose chooses** that is authorized to do business in this state, and through an Iowa-licensed insurance agent that the employee **may-select selects**, for retirement or other purposes, and may make payroll deductions in accordance with such the arrangements for the purpose of paying the entire premium due, and to become due, under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits **afforded** under section 403b of the Internal Revenue Code of 1954 ~~and-amendments-thereto, as defined in section 422.3~~. The employee's rights under such the annuity contract ~~shall-be~~ are nonforfeitable except for the failure to pay premiums.

Sec. 6. Section 280A.23, subsection 9, Code 1985, is amended to read as follows:

9. At the request of an employee through contractual agreement the board may arrange for the purchase of group or individual annuity contracts for any of its **respective** employees from any company the employee **may-choose chooses** that is authorized to do business in this state and through an Iowa-licensed insurance agent that the employee **may-select selects**, for retirement or other purposes, and may make payroll deductions in accordance with such the arrangements for the purpose of paying the entire premium due and to become due under such the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits **afforded** under section 403b of the Internal Revenue Code of 1954 ~~and-amendments-thereto, as defined in section 422.3~~. The employee's rights under such the annuity contract ~~shall-be~~ are nonforfeitable except for the failure to pay

premiums. **Whenever If** an existing tax-sheltered annuity contract is to be replaced by a new contract the agent or representative of the company shall submit a letter of intent by registered mail to the company being replaced, to the insurance commissioner of the state of Iowa, and to the agent's or representative's own company at least thirty days prior to any action ~~by-registered-mail~~. This letter of intent shall contain the policy number and description of the contract being replaced and a description of the replacement contract.

Sec. 7. Section 294.16, Code 1985. is amended to read as follows:

294.16 ANNUITY CONTRACTS.

At the request of an employee through contractual agreement a school district may purchase group or individual annuity contracts for ~~an-employee employees~~, from ~~such an~~ insurance organization the employee chooses that is authorized to do business in this state and through an Iowa-licensed insurance agent as that the employee ~~may-select selects~~, for retirement or other purposes, and may make payroll deductions in accordance with such the arrangements for the purpose of paying the entire premium due and to become due under ~~sack the~~ contract. The deductions shall be made in the manner which will qualify the annuity premiums for the ~~benefit-afforded benefits~~ under section 403b ~~{26-USE-S-403b}~~ of the ~~federal internal-revenue-code-and-amendments-thereto~~ Internal Revenue Code of 1954, as defined in section 422.3. The employee's rights under such the annuity contract ~~shall-be are~~ nonforfeitable except for the failure to pay premiums. **Whenever If** an existing tax-sheltered annuity contract is to be replaced by a new contract the agent or representative of the company shall submit a letter of intent by registered mail to the company being replaced, to the insurance commissioner of the state of Iowa, and to the agent's or representative's ~~w n~~ company at least thirty days prior to any action by

~~registered-mail~~. This letter of intent shall contain the policy number and description of the contract being replaced and a description of the replacement contract.

Sec. 8. Section 422.3, subsection 5, Code Supplement 1985, is amended to read as follows:

5. "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, as amended to and including January 1, ~~1985~~ 1986.

Sec. 9. Section 422.5, subsection 1, paragraph o, subparagraph (3), Code Supplement 1985, is amended to read as follows:

(3) ~~Subtract-the-amount-of-the-net-operating-loss-computed in-section-422.9;--subsection-3;--for-a-tax-year-other-than-the current-year-which-was-carried-back-or-carried-forward-to-the current-year-under-section-422.9;--subsection-3;--paragraph-"a"; "b"--or-"c";--However,--in In~~ In the case of a net operating loss computed for a tax year beginning after December 31, 1982 which is carried back or carried forward to the current taxable year, the net operating loss shall be reduced by the amount of the items of tax preference arising in such year which was taken into account in computing the net operating loss in section 422.9. subsection 3.

Sec. 10. Section 422.37, subsection 5, Code 1985, is amended to read as follows:

5. Each member of the affiliated group shall consent to the ~~filing-by-specific-written-authorization~~ rules governing a consolidated return prescribed by the director at the time the consolidated return is filed, unless the director requires the filing of a consolidated return. The filing of a consolidated return shall be considered the affiliated group's consent.

Sec. 11. This Act is retroactive to January 1, 1985 for tax years beginning on or after that date.

Sec. 12. This Act, being deemed of immediate importance, takes effect from and after its publication in The Nevada Evening Journal, a newspaper published in Nevada, Iowa, and in

The North Scott Press, a newspaper published in Eldridge,
Iowa.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and
is known as House File 2472, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

Sec. 2. This Act is retroactive to January 1, 1986 for tax years beginning on or after that date.

HOUSE FILE 2475

AN ACT

EXEMPTING CERTAIN NONRESIDENTS ENGAGED IN FEATURE FILM, TELEVISION, AND EDUCATIONAL PRODUCTION FROM THE STATE INCOME TAX WITHHOLDING PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.16, subsection 1, Code 1985, is amended by adding the following new unnumbered paragraph:
NEW UNNUMBERED PARAGRAPH. Nonresidents engaged in any facet of feature film, television, or educational production using the film or video tape disciplines in the state are not subject to Iowa withholding if the employer has applied to the department for exemption from the withholding requirement and the department has determined that any nonresident receiving wages would be entitled to a credit against Iowa income taxes paid.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2475, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

with interest added to December 1 will be due as provided in subsection 2.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2477, Seventy-first **General** Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2411

AN ACT

RELATING TO THE PAYMENT OF INSTALLMENTS OF SPECIAL ASSESSMENTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 384.65, subsection 3, Code 1985, is amended to read as follows:

3. All future installments of an assessment may be paid on any date by payment of the then outstanding balance, plus interest to the next December 1, or additional annual installments may be paid after the current installment has been paid before December 1 without interest. A payment must be for the full amount of the next installment. If installments remain to be paid, the next annual installment

H.F. 2477

registration or subject only to the issuance of a certificate of title.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2470, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2470

AN ACT

RELATING TO THE EXEMPTION FROM THE USE TAX OF TRANSACTIONS
SUBJECT TO THE SALES TAX.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 423.4, subsection 1, Code Supplement 1985, is amended to read as follows:

1. Tangible personal property, the gross receipts from the sale of which are required to be included in the measure of the tax imposed by division IV of chapter 422, and any amendments made or which may hereafter be made thereto if that tax has been paid to the department or paid to the retailer.

This exemption does not include vehicles subject to

H.F. 2478

HOUSE FILE 2481

AN ACT

RELATING TO THE SIZE OF A BOARD OF REVIEW FOR PROPERTY TAX ASSESSMENTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 441.31, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding the previous paragraph, the conference board may increase the membership of the board of review by an additional two members if it determines that as a result of the large number of protests filed or estimated to be filed the board of review will be unable to timely resolve the protests with the existing number of members. These two additional emergency members shall be appointed for a term set by the conference board but not for longer than two years. The conference board may extend the terms of the emergency members if it makes a similar determination as required for the initial appointment.

Sec. 2. Section 441.32, Code 1985, is amended to read as follows:

441.32 TERMS -- VACANCIES.

The terms of the members of the board of review ~~shall be~~ are for six years each except for the emergency members whose terms shall be set by the conference board for a period not to exceed two years. Members of this board may be removed by the conference board but only after a public hearing upon specified charges, if a hearing is requested by such the member. ~~Subsequent appointments~~ A subsequent appointment, and an appointment to fill a vacancy, shall be made in the same

way as the original selection. The board ~~shall have the power~~ to may subpoena witnesses and administer oaths.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2481, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

H.F. 2481

HOUSE FILE 2484

AN ACT

RELATING TO AND MAKING APPROPRIATIONS TO AGENCIES, BOARDS, COMMISSIONS, DEPARTMENTS, AND PROGRAMS OF STATE GOVERNMENT AND MAKING CERTAIN PROVISIONS RETROACTIVE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

BUSINESS/TRADE/TRANSPORTATION

Section 1. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	<u>1986-1987</u> <u>Fiscal Year</u>
1. For salaries, support, maintenance, and other operational purposes	\$ 3,000,000
2. For tourism and promotion programs	\$ 1,429,560

Of the funds appropriated by this subsection, one hundred thousand (100,000) dollars, or so much thereof as is necessary, shall be expended to develop a state tourism marketing plan. The plan shall be provided to the legislative council upon completion. Of the funds appropriated by this subsection, one million (1,000,000) dollars shall not be expended prior to the completion of the state tourism marketing plan and presentation of the plan to the legislative council.

There is created a tourism marketing plan task force. The director of the department of economic development or the director's designee shall serve as chairperson of the tourism

marketing plan task force. The task force shall consist of five members. The director shall appoint a representative of the state conservation commission, a representative of the recreation, tourism, and leisure study committee, a representative of the department of cultural affairs, and a representative of the tourism industry from the private sector.

The task force shall develop guidelines for the preparation of a comprehensive statewide tourism marketing plan and tourism information delivery system plan, recommendations from which shall be submitted by the task force to the legislative council for the release of withheld funds.

The department shall actively pursue the acquisition of the Grant Wood Gothic House in Eldon, Iowa. The department shall cooperate with the historical division of the department of cultural affairs to acquire and maintain the Grant Wood Gothic House and to promote the property as a tourist attraction.

3. For advertising and marketing	\$ 92,333
4. For establishment and maintenance of an ambassador's program	\$ 1,000,000

The funds appropriated by this subsection shall be matched on a dollar for dollar basis with capital provided by private sources and be expended to attract private capital to be used by the department to develop a comprehensive national and international marketing program. These funds shall be utilized to implement a statewide initiative that includes, but is not limited to, the development of a trade network, national and international marketing research, business recruitment, utilization of national advertising features, a toll-free number, billboards, displays in key business locations, a direct marketing program, a "trade and marketing institute", and an "invest in Iowa" program. The department shall secure the necessary private participation from groups and organizations most appropriate for any particular

function. In-kind expenditures from the private sector may be considered as a portion of the dollar for dollar match. The department shall give attention to using a portion of these funds to contract and coordinate with international programs at Iowa colleges and universities to develop a network of trade contacts overseas through the use of alumni from Iowa colleges and universities.

5. For establishment and maintenance of an Asian trade office \$ 300,000

The funds appropriated by this subsection shall be expended to establish an Iowa investment and trade office in Asia to promote Iowa as a location offering advantages to Asian firms for investment, to promote Iowa commodities, goods, and services to the Asian market, and to encourage Asian tour companies to bring group tours to this state.

6. For establishment and maintenance of an export finance program \$ 1,000,000

The funds appropriated by this subsection shall be expended to develop a program to assist, promote and enhance economic prosperity by fostering expansion of exports through an interest buy-down program for exported sales targeted to assist small businesses which are entering the export market.

7. Community development block grant administration and related federal housing and urban development community development grant administration

For salaries, support, maintenance, and miscellaneous purposes \$ 53,800

8. Job training partnership Act: dislocated workers

For salaries, support, maintenance, and miscellaneous purposes to develop and administer

the job training partnership Act \$ 958,936

9. Mississippi river parkway commission

For support, maintenance, and miscellaneous purposes \$ 15,000

10. Youth services administration

For salaries, support, maintenance, and miscellaneous purposes to develop and administer employment opportunities for the youth \$ 71,391

11. Iowa youth corps

For salaries, support, maintenance, and miscellaneous purposes \$ 330,000

12. For additional and supplemental funding for the child care services program and the displaced homemakers program in connection and coordination with the federal Job Training Partnership Act of 1982 and funding for a child care grants program to provide grants of up to ten thousand dollars for start-up funding for before and after school programs using school facilities, infant care programs, child care information and referral centers, and on-site employer day care. An application for a grant under the child care grants program shall include a study documenting a need for the service or program for which the grant is sought and a plan for implementation of the service or program which plan includes a

listing of other sources of income, the staff to be employed, and the method to make the service or program self-supporting within three years \$ 1,000,000

Sec. 2. There is appropriated from the general fund of the state to the department of cultural affairs for the historical division for the fiscal period beginning July 1, 1986 and ending June 30, 1988 the sum of one hundred twenty-five thousand (125,000) dollars, or so much thereof as is necessary, to acquire by negotiated sale part of the land encompassing the Blood Run national historic landmark in Lyon county, Iowa. This appropriation shall be matched by revenue from other sources.

Ten thousand (10,000) dollars of the appropriation in this section shall be allocated to the state archaeologist for the fiscal year beginning July 1, 1986 and ending June 30, 1987, or so much thereof as is necessary, for the development planning and the next phase of archaeological field study at the Blood Run national historic landmark in Lyon county, Iowa. The state archaeologist shall consult with the historical division of the department of cultural affairs in conducting the developmental planning and archaeological field study.

Sec. 3. There is appropriated from the general fund of the state to the department of revenue and finance for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as may be necessary, to be used for the funding of the following programs for the purposes designated:

1986-1987 Fiscal Year For salaries, support, maintenance, and miscellaneous purposes \$ 16,770,770

Sec. 4. There is appropriated from the general fund of the state to the college aid commission for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1986-1987 Fiscal Year For salaries, support, maintenance, and miscellaneous purposes \$ 270,230 TUITION GRANT PROGRAM To supplement the appropriation provided in subsection 1 of section 261.25 for tuition grants to full-time resident students attending accredited private institutions of higher education in Iowa under sections 261.9 to 261.16 \$ 926,184 For salaries, support, and maintenance of the elder law education program \$ 95,000

Sec. 5. 1. There is appropriated from the general fund of the state to the college aid commission for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of seven hundred twenty-five thousand four hundred ten (725,410) dollars, or so much thereof as may be necessary, to be paid to the college of osteopathic medicine and surgery for the subvention program created pursuant to sections 261.18 and 261.19. Notwithstanding section 261.19, for the fiscal year beginning July 1, 1986, the subvention shall be used for the admission and education of students enrolled in each of the four years of classes in the college of osteopathic medicine and surgery.

2. In addition to the requirements of sections 261.18 and 261.19, the availability of funds appropriated by this section

is subject to the condition that one-half of the funds appropriated for fiscal year 1986-1987 shall not be released until delivery to the legislative fiscal bureau of the June 30, 1986, financial audits, conducted by an independent third party, of the college of osteopathic medicine and surgery.

Sec. 6. There is appropriated from the motor vehicle fuel tax fund to the department of revenue and finance for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amount, or so much thereof as may be necessary, for salaries, support, maintenance, and other operational purposes for administration and enforcement of the provisions of chapter 324 and the motor vehicle use tax program:

1986-1987
Fiscal Year
\$ 827,788

Sec. 7. There is appropriated from the general fund of the state to the office of treasurer of state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amount, or so much thereof as is necessary, to be used for the purposes designated:

1986-1987
Fiscal Year

For salaries, support, maintenance, and other operational purposes \$ 487,646

Sec. 8. There is appropriated from the general fund of the state to the moneys and credits replacement fund established in section 422.100 for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of two million four hundred seventy-five thousand (2,475,000) dollars, or so much thereof as may be necessary, to be used for payments to counties as provided in section 422.100.

Sec. 9. There is appropriated from the general fund of the state to the state department of transportation for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the

following amount, or so much thereof as may be necessary, to be used for the following purposes:

1986-1987
Fiscal Year

STATE DEPARTMENT OF TRANSPORTATION

1. For salaries, support, maintenance, and miscellaneous purposes \$ 620,000

Sec. 10. There is appropriated from the road use tax fund to the state department of transportation for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

1986-1987
Fiscal Year

STATE DEPARTMENT OF TRANSPORTATION

1. For salaries, support, maintenance, and miscellaneous purposes 5 15,581,482

2. For the purpose of making payments to the department of personnel for expenses incurred in administering the merit system on behalf of the state department of transportation, as required by chapter 19A \$ 16,000
3. Unemployment compensation \$ 12,250

Sec. 11. There is appropriated from the road use tax fund to the department of personnel for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of thirty-two thousand seven hundred fifty (32,750) dollars, or so much thereof as is necessary, to be used for the purpose of paying workers' compensation claims under chapter 85 on behalf of employees of the state department of transportation.

Sec. 12. There is appropriated from the primary road fund to the state department of transportation for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

	<u>1986-1987</u> <u>Fiscal Year</u>
STATE DEPARTMENT OF TRANSPOR- TATION	
1. For salaries, support, maintenance, and miscellaneous purposes	\$128,247,126
2. To be deposited in the state department of transportation materials and equipment revolving fund established by section 307A.7 for funding the increased replacement cost of vehicles	\$ 2,000,000
3. For the purpose of making payments to the department of personnel for expenses incurred in administering the merit system on behalf of the state department of transportation, as required by chapter 19A	\$ 304,000
4. Unemployment compensation	\$ 232,750
5. For area garages for the Tama-Toledo area, Dubuque and Centerville	\$ 1,344,000

Sec. 13. There is appropriated from the primary road fund to the department of personnel for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of six hundred twenty-two thousand two hundred fifty (622,250) dollars, or so much thereof as is necessary, for the purpose of paying workers' compensation claims under chapter 85 on behalf of the employees of the state department of transportation.

Sec. 14. There is appropriated from the state aviation fund to the state department of transportation for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amount, or so much thereof as may be necessary, to be used for the following purposes:

	<u>1986-1987</u> <u>Fiscal Year</u>
For salaries, support, maintenance, and miscellaneous purposes	\$ 261,318

Sec. 15. The state department of transportation shall operate a commercial vehicle permit issuing center utilizing existing field facilities near the location of the intersection of Iowa highways 151, 61 and 52.

Sec. 16. Notwithstanding the appropriation amounts in section 261.25, there is appropriated from the general fund of the state to the college aid commission for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amounts for the purposes listed:

1. Nineteen million eight hundred six thousand nine hundred (19,806,900) dollars for tuition grants.
2. Three hundred thirty-six thousand five hundred twenty-five (336,525) dollars for scholarships.
3. Six hundred forty-six thousand five hundred eighty-two (646,582) dollars for vocational-technical tuition grants.

Sec. 17. Notwithstanding the appropriation amount listed in section 261.45, there is appropriated from the general fund of the state to the college aid commission for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of fifty-seven thousand six hundred ninety (57,690) dollars, or as much thereof as is necessary, to make the reimbursement payments for the guaranteed student loan payment program.

Sec. 18. Notwithstanding the appropriation amount listed in section 261.53, there is appropriated from the general fund of the state to the Iowa college aid commission for the fiscal

year beginning July 1, 1986 and ending June 30, 1987, the sum of sixty-seven thousand three hundred five (67,305) dollars, or as much thereof as is necessary, for science and mathematics loans.

Sec. 19. Notwithstanding the appropriation amount listed in section 261.63, there is appropriated from the general fund of the state to the Iowa college aid commission for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of nine hundred thousand (900,000) dollars, or as much thereof as is necessary, for supplemental grants.

Sec. 20. Notwithstanding section 321.145, there is transferred from the road use tax fund to the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of twenty-eight thousand seven hundred thirty-five (28,735) dollars to fund salary adjustments required pursuant to 1984 Iowa Acts, chapter 1314.

Sec. 21. There is appropriated from the road use tax fund to the state department of transportation for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of five hundred fifty-two thousand two hundred nine (552,209) dollars, or so much thereof as is necessary, to provide salary adjustments required by implementation action taken under 1984 Iowa Acts, chapter 1314.

Sec. 22. There is appropriated from the primary road fund to the state department of transportation for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of two million eighty-one thousand one hundred seventeen (2,081,117) dollars, or so much thereof as is necessary, to provide salary adjustments required by implementation action taken under 1984 Iowa Acts, chapter 1314.

Sec. 23. A supplemental authorization is authorized for each departmental revolving, trust, or special fund for the fiscal year beginning July 1, 1986 and ending June 30, 1987 for which the general assembly has established an operating budget in an amount necessary to provide salary adjustments

required by implementation action taken under 1984 Iowa Acts, chapter 1314. The supplemental authorization allowed under this section is not applicable to the road use tax fund or the primary road fund.

Sec. 24. The treasurer of state shall transfer to the general fund of the state eleven million (11,000,000) dollars from the long-term disability reserve account maintained by the treasurer of state. The transfer shall be during the period from July 1, 1986 and ending June 30, 1987.

Sec. 25. Section 261.35, subsection 5, Code 1985, is amended to read as follows:

5. "Eligible borrower" means a person, or the parent of a person, who is a resident of this state and is enrolled or will be enrolled at an eligible institution within or without the state or who is a nonresident of this state and is enrolled or will be enrolled at an eligible institution within the state and who meets, or who is a resident of a contiguous state and is borrowing from an Iowa-based eligible lender and is enrolled or will be enrolled at an eligible institution within or without the state. All eligible borrowers must meet the eligibility requirements established by the commission. The commission shall establish the qualifications for being a resident of this state; however, the qualifications shall not be more stringent than those established by the state board of regents.

Sec. 26. Section 261.38, subsection 1, Code 1985, is amended to read as follows:

1. The commission shall establish a loan reserve account from which any default on a guaranteed student loan shall be paid. The commission shall credit to this account all moneys designated exclusively for the reserve fund by the United States, the state of Iowa or any of their agencies, departments or instrumentalities, as well as any funds accruing to the program which are not required for current administrative expenses. The department of management shall

determine the actuarially sound reserve requirement for the amount of guaranteed loans outstanding.

Sec. 27. Section 261.38, subsection 2, Code 1985, is amended by striking the subsection and inserting in lieu thereof the following:

2. The general assembly shall appropriate moneys from the loan reserve account of the commission to the college aid commission for operating costs of the guaranteed student loan program. Moneys appropriated from the loan reserve account for operating costs of the guaranteed student loan program that are unencumbered or unobligated on June 30 of a fiscal year shall revert to the loan reserve account of the commission.

Sec. 28. Section 308.4, subsection 3, Code Supplement 1985, is amended by striking the subsection.

Sec. 29. Section 321.211, unnumbered paragraph 1, Code 1985, is amended to read as follows:

Upon suspending the license of any person as authorized the department shall immediately notify the licensee in writing and upon the licensee's request shall afford the licensee an opportunity for a hearing before the director or the director's authorized agent as early as practical within not to exceed thirty days after receipt of the request in the county in which the licensee resides unless the department and the licensee agree that such hearing may be held in some other county. Upon such hearing the director or the director's authorized agent may administer oaths and may issue subpoenas for the attendance of witnesses and the production of relevant books and papers and may require a re-examination of the licensee. Upon such hearing the department shall either rescind its order of suspension or for good cause may extend the suspension of such license or revoke such license. There is appropriated each year from the ~~general-fund-of-the-state road use tax fund~~ to the department ~~ninety one hundred seven thousand (107,000)~~ dollars or so much thereof as may be

necessary to be used to pay the cost of notice and personal delivery of service, if necessary to meet the notice requirement of this section. The department shall promulgate rules governing the payment of the cost of personal delivery of service. The reinstatement fees collected under section 321.191 shall be deposited in the ~~general-fund-of-the-state road use tax fund~~ in a manner provided in section 321.192, as reimbursement for the costs of notice under this section.

Sec. 30. Section 324.65, unnumbered paragraph 1, Code 1985, is amended to read as follows:

If a licensee or other person fails to remit at least ninety percent of the tax due with the filing of the return on or before the due date or pays less than ninety percent of any tax required to be shown on the return, there shall be added to the tax a penalty of five percent of the amount of the tax due. The penalty imposed under this section is not subject to waiver. The taxpayer shall also pay interest on the tax or additional tax at the rate in effect under section 421.7 counting each fraction of a month as an entire month, computed from the date the return was required to be filed. If the amount of the tax as determined by the appropriate state agency is less than the amount paid, the excess shall be refunded with interest, the interest to begin to accrue on the first day of the third calendar month following the date of payment or the date the return was due to be filed or was filed, whichever is the latest, at the rate in effect under section 421.7 counting each fraction of a month as an entire month under the rules prescribed by the appropriate state agency. In lieu of a refund allowed under this section, the licensee may request that the department allow the refund to be held as a credit for the licensee.

Sec. 31. Section 423.1, subsection 1, Code Supplement 1985, is amended to read as follows:

1. "Use" means and includes the exercise by any person of any right or power over tangible personal property incident to

the ownership of that property, except that it shall not include processing, or the sale of that property in the regular course of business. Property used in "processing" within the meaning of this subsection shall mean and include (a) any tangible personal property including containers which it is intended shall, by means of fabrication, compounding, manufacturing, or germination, become an integral part of other tangible personal property intended to be sold ultimately at retail, and containers used in the collection, recovery or return of empty beverage containers subject to chapter 455C, or (b) fuel which is consumed in creating power, heat, or steam for processing or for generating electric current, or (c) chemicals, solvents, sorbents, or reagents, which are directly used and are consumed, dissipated, or depleted in processing personal property, which is intended to be sold ultimately at retail, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides shall be deemed a retail sale for purposes of the processing exemption.

Sec. 32. Section 573.2, Code 1985, is amended, to read as follows:

513.2 PUBLIC IMPROVEMENTS -- BOND AND CONDITIONS.

Contracts for the construction of a public improvement shall, when the contract price equals or exceeds twenty-five thousand dollars, be accompanied by a bond, with surety, conditioned for the faithful performance of the contract, and for the fulfillment of other requirements as provided by law. The bond may also be required when the contract price does not equal that amount. However, if a contractor provides a performance or maintenance bond as required by a public improvement contract governed by this chapter and subsequently the surety company becomes insolvent and the contractor is required to purchase a new bond, the contractor may apply for reimbursement from the governmental agency that required a

second bond and the claims shall be reimbursed from funds allocated for road construction purposes.

Sec. 33. 1985 Iowa Acts, chapter 256, section 11, is amended to read as follows:

SEC. 11. There is appropriated from the general fund of the state to the Iowa development commission for the fiscal period beginning on the effective date of this Act and ending June 30, 1985 the sum of two hundred thousand (200,000) dollars, or so much thereof as is necessary, for its advertising and tourism budget. ~~The Iowa development commission shall transfer from any other funds received for its advertising and tourism budget an amount up to or equal to two hundred thousand (200,000) dollars received during the fiscal year beginning July 1, 1985 and ending June 30, 1986 which funds shall be transferred to the general fund of the state not later than June 30, 1986 to replace those funds received under this section for the fiscal period beginning on the effective date of this Act and ending June 30, 1985.~~

Sec. 34. All federal grants to and the federal receipts of the agencies appropriated funds under this division of this Act are appropriated *for* the purposes set forth in such federal grants and receipts unless otherwise provided by the general assembly.

Sec. 35. Section 32 shall apply retroactively to July 1, 1985 and the reimbursement may be applied for until August 31, 1986.

Sec. 36. Section 33 of this Act is retroactive to June 1, 1986.

DIVISION II

EDUCATION

Sec. 101. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the following named agencies the following amounts, or *so* much thereof as necessary, to be used for the purposes designated:

1986-1987
Fiscal Year

1. ARTS DIVISION OF CULTURAL AFFAIRS

For salaries, support, maintenance, and miscellaneous purposes including funds to match federal grants \$ 450,000

2. HISTORICAL DIVISION OF CULTURAL AFFAIRS

For salaries, support, maintenance, and miscellaneous purposes \$ 1,286,045

Notwithstanding sections 18.12 and 18.16, the historical division may directly and independently enter into rental and lease agreements with private vendors for the purpose of selling mementos on the premises of property under the control of the division. All fees and income produced from the sales and rental or lease agreements shall be credited to the account of the division. Retail vendors will not be exempt from the sales and use tax under this provision.

Notwithstanding section 303.9, subsection 1, all admission fees charged at the Montauk historical site shall be credited to the account of the historical division and are appropriated to the historical division to be invested and used exclusively for maintenance and improvement of the property and grounds of Montauk.

3. LIBRARY DIVISION OF CULTURAL AFFAIRS

a. For the state library for salaries, support, maintenance, and miscellaneous purposes \$ 1,058,693

b. For the regional library system for state aid \$ 1,430,730

4. PUBLIC BROADCASTING DIVISION OF CULTURAL AFFAIRS

For salaries, support, maintenance, and miscellaneous purposes \$ 5,586,848

5. STATE FAIR BOARD

For maintenance of state fair buildings and grounds \$ 69,038

6. TERRACE HILL AUTHORITY

For salaries, support, maintenance, and miscellaneous purposes for the operation of Terrace Hill and for conducting tours \$ 137,792

7. HERBERT HOOVER BIRTHPLACE FOUNDATION

For capital improvements \$ 1,246

Sec. 102. There is appropriated from the general fund of the state to the arts division of the department of cultural affairs for the fiscal period beginning July 1, 1986 and ending June 30, 1988 the following amounts, or so much thereof as is necessary, to be used for the following purposes:

1986-1988
Fiscal Year

1. For the Herbert Hoover memorial in West Branch, Iowa \$ 35,000

2. For the Cedar Rapids science station for development \$ 30,000

3. For the Ottumwa arts council \$ 30,000

4. For the Dubuque great rivers hall of fame for capital improvements \$ 40,000

5. For the Amana art guild-folk art show for the folk art showcase \$ 20,000

6. For the Clinton riverboat theater for rehabilitation \$ 20,000

7. For the Davenport river de-

velopment project for capital im-
 provements \$ 35,000
 8. For general promotion of the
 arts \$ 40,000

Notwithstanding section 8.33, unencumbered and unobligated funds appropriated in this section shall not revert to the general fund.

Sec. 103. There is appropriated from the general fund of the state to the historical division of the department of cultural affairs for the fiscal period beginning July 1, 1986 and ending June 30, 1988 the following amounts, or so much thereof as is necessary, to be used for the following purposes:

	1986-1988
	<u>Fiscal Year</u>
1. For the purchase and develop- ment of property adjacent to the grave-site at Gardner cabin	\$ 41,700
2. For capital improvements and operational contract services for the Matthew Edel blacksmith shop in Haverhill	\$ 30,000
3. For Montauk at Clermont for repairs	\$ 20,700
4. For the Bow-String Bridge restoration project for restoration	\$ 20,000
5. For the centennial building in Iowa City for repairs	\$ 40,000
6. For old Fort Madison for re- construction	\$ 25,000
7. For the Rock Island depot in Council Bluffs for reconstruction	\$ 20,000
8. For the old territorial capitol in Burlington for restoration	\$ 22,000
9. For pronotion of historical	

sites in this state \$ 30,000

Notwithstanding section 8.33, unencumbered and unobligated funds appropriated in this section shall not revert to the general fund.

Sec. 104. There is appropriated from the general fund of the state to the division for the blind of the department of human rights for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amount, or so much thereof as may be necessary, to be used by the following agency for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
DIVISION FOR THE BLIND, DEPARTMENT OF HUMAN RIGHTS	
For salaries, support, main- tenance, and miscellaneous pur- poses	\$ 1,019,280

Sec. 105. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of education the following amounts, or so much thereof as may be necessary, to be used in the manner designated:

	1986-1987
	<u>Fiscal Year</u>
1. GENERAL OFFICE ADMINIS- TRATION	
a. For salaries, support, maintenance, and miscellaneous purposes	\$ 4,148,910

It is the intent of the general assembly that the department of education expend, from funds appropriated in this paragraph, at least five hundred thousand (500,000) dollars to be used by the department to provide technical assistance and monetary grants to school districts for developing elementary and secondary foreign language programs.

The department shall transmit plans for the expenditure of moneys allocated for development of foreign language programs under this paragraph to the joint education appropriations subcommittee not later than January 1, 1987.

It is also the intent of the general assembly that a portion of moneys appropriated in this paragraph to the department of education be expended for the continuation of the meetings of subject matter committees and committees that cross subject matter lines for coordination of curriculum at all education levels.

b. Fire service education \$ 140,377

c. As a condition of the appropriation made in paragraph "a", the department of education shall expend at least sixty thousand (60,000)dollars of the moneys appropriated in paragraph "a" to provide funding for the evaluator approval process.

Of the funds identified in this paragraph for funding for the evaluator approval process, an amount not to exceed ten thousand (10,000)dollars of those funds shall be used by the department of education to develop a mental retardation model curriculum. The department shall develop a model curriculum for teachers of grades one through twelve on mental retardation prevention and related issues. The department may use existing staff members or may contract with outside parties for developing the model curriculum. The model curriculum shall be distributed to school districts and area education agencies prior to July 1, 1988. The funds allocated for the development of the mental retardation model curriculum are not subject to reversion pursuant to section 8.33 until June 30, 1988.

2. VOCATIONAL EDUCATION ADMINISTRATION

For salaries, support, maintenance, and miscellaneous purposes \$ 795,655

3. VOCATIONAL EDUCATION AID

For vocational education aid to secondary schools \$ 3,723,061

Funds appropriated by this paragraph are to be used for aid to school districts for development and the conduct of both continuing and new vocational programs, services and activities of vocational education through secondary schools, and for aid to existing jointly administered secondary vocational education programs, in accordance with chapter 258 and chapter 280A, and to purchase instructional equipment for vocational and technical courses of instruction in such schools.

It is the intent of the general assembly that the state board of education provide an opportunity for input from representatives from appropriate labor groups for vocational education programs that could lead to apprenticeships.

4. PROFESSIONAL TEACHING PRACTICES COMMISSION

For the use of the professional teaching practices commission to carry out chapter 272A \$ 35,128

5. VOCATIONAL YOUTH ORGANIZATION FUND

To carry out section 258.14 \$ 9,252

6. SCHOOL FOOD SERVICE

For the purpose of providing assistance to students enrolled in public school districts and nonpublic schools of the state for breakfasts, lunches and minimal equipment programs with the funds being used as state matching funds for federal programs and which shall be disbursed according to federal regulations \$ 3,173,131

7. TEXTBOOKS OF NONPUBLIC SCHOOL PUPILS

To provide funds for costs of providing textbooks to each resident pupil who attends a nonpublic school or authorized by section 301.1. Such funding is limited to ten dollars per pupil and shall not exceed the comparable services offered to resident public school pupils \$ 333,160

8. SCHOOL BUDGET REVIEW COMMITTEE \$ 110,000

Of the funds appropriated by this subsection, one hundred thousand (100,000) dollars may be expended as supplemental aid pursuant to section 2868.14.

9. VOCATIONAL REHABILITATION DIVISION

For salaries, support, maintenance, and miscellaneous purposes \$ 2,587,715

10. NON-ENGLISH SPEAKING

To provide funding to public schools and for nonpublic school students for special instruction for non-English speaking students as provided in section 280.4 \$ 150,000

11. MERGED AREA SCHOOLS

a. For general state financial aid to merged areas as defined in section 280A.2 the amount of forty-two million five hundred seventy-six thousand five hundred eighty-six (42,576,586) dollars to be allocated as fol-

lows:

(1) Merged area I	\$ 1,970,381
(2) Merged area II	\$ 2,620,675
(3) Merged area III	\$ 2,328,125
(4) Merged area IV	\$ 921,853
(5) Merged area V	\$ 2,953,129
(6) Merged area VI	\$ 2,594,155
(7) Merged area VII	\$ 2,951,909
(8) Merged area IX	\$ 3,572,825
(9) Merged area X	\$ 5,545,497
(10) Merged area XI	\$ 6,152,704
(11) Merged area XII	\$ 2,100,476
(12) Merged area XIII	\$ 2,943,089
(13) Merged area XIV	\$ 1,033,696
(14) Merged area XV	\$ 2,934,428
(15) Merged area XVI	\$ 1,953,644

b. To provide funds for matching federal reimbursement for continuing and new vocational education programs in merged area schools in accordance with chapter 258 and chapter 280A, and to purchase instructional equipment for vocational and technical courses of instruction in such schools \$ 8,049,520
Sec. 106.

1. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 1987 and ending June 30, 1988, for general state financial aid to merged areas the amount of fourteen million one hundred twenty-nine thousand five hundred eighty-three (14,129,583) dollars, to be accrued as income and used for expenditures incurred by the area schools during the fiscal year beginning July 1, 1986 and ending June 30, 1987, to be allocated to each area school as follows:

a. Merged area I	\$ 658,260
b. Merged area II	\$ 868,028
c. Merged area III	\$ 784,978
d. Merged area IV	\$ 308,988
e. Merged area V	\$ 1,034,684
f. Merged area VI	\$ 872,933
g. Merged area VII	\$ 989,868
h. Merged area IX	\$ 1,133,265
i. Merged area X	\$ 1,769,391
j. Merged area XI	\$ 2,059,840
k. Merged area XII	\$ 743,035
l. Merged area XIII	\$ 1,025,453
m. Merged area XIV	\$ 347,525
n. Merged area XV	\$ 880,354
o. Merged area XVI	\$ 652,991

2. Funds appropriated by this section shall be allocated pursuant to this section and paid on or about August 15, 1987.

Sec. 107. 1985 Iowa Acts, chapter 263, section 7, subsection 1, is amended by striking the subsection and inserting in lieu thereof the following:

1. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 1986 and ending June 30, 1987, for general state financial aid to merged areas the amount of thirteen million seven hundred seventy-six thousand five hundred seven (13,776,507) dollars, to be accrued as income and used for expenditures incurred by the area schools during the fiscal year beginning July 1, 1985 and ending June 30, 1986, to be allocated to each area school as follows:

a. Merged area I	\$ 658,260
b. Merged area II	\$ 863,660
c. Merged area III	\$ 777,840
d. Merged area IV	\$ 296,488
e. Merged area V	\$ 1,004,788
f. Merged area VI	\$ 850,695

g. Merged area VII	\$ 989,868
h. Merged area IX	\$ 1,114,498
i. Merged area X	\$ 1,683,267
j. Merged area XI	\$ 2,059,840
k. Merged area XII	\$ 688,938
l. Merged area XIII	\$ 995,539
m. Merged area XIV	\$ 335,025
n. Merged area XV	\$ 813,544
o. Merged area XVI	\$ 644,257

Sec. 108. General state aid paid to area schools under section 105, subsection 11, paragraph "a" of this Act, for expenditures incurred during the fiscal year beginning July 1, 1986 and ending June 30, 1987, shall be paid by the department of revenue and finance in installments due on or about November 15, February 15, and May 15 of that fiscal year. The payment received by area schools on or about August 15 under section 106 of this Act is an account receivable for the previous fiscal year. The installments shall be as nearly equal as possible as determined by the department of management, taking into consideration the relative budget and cash position of the state resources.

Sec. 109. There is appropriated from the general fund of the state to the Iowa academy of science for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amount, or so much thereof as may be necessary, to be used by the following agency for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
IOWA ACADEMY OF SCIENCE	
For support and maintenance	\$ 57,494

It is the intent of the general assembly that the Iowa academy of science submit a report to the legislative fiscal bureau by December 1, 1986, listing each project funded under this section, describing the anticipated results of each project, and outlining the potential value to or impact upon this state of each project.

Sec. 110. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as may be necessary, for use for the following designated purposes, however, as a condition for the appropriation of these funds, the state board of regents, for purposes of implementing and administering collective bargaining pursuant to chapter 20, shall act as the exclusive representative of the state of Iowa with respect to its faculty, scientific, and other professional staff:

1986-1987
Fiscal Year

1. OFFICE OF STATE BOARD OF REGENTS

a. For salaries, support, maintenance, equipment, and miscellaneous purposes, including state board of regents members receiving a per diem not to exceed forty dollars per day

\$ 411,336

The state board of regents shall not assess charges to the three institutions of higher education under the control of the state board, for the fiscal year beginning July 1, 1986, in excess of the charges to the three institutions assessed and approved by the state board as of April 1, 1986 for the fiscal year ending June 30, 1986.

b. For allocation by the state board of regents to the state university of Iowa, the Iowa state university of science and technology, and the university of northern Iowa in amounts as may be necessary to reimburse the institutions for deficiencies

in their operating funds resulting from the pledging of tuitions, student fees and charges and institutional income to finance the cost of providing academic and administrative buildings and facilities and utility services at the institutions \$ 17,291,054

The state board of regents shall refund and refinance selected academic revenue bonds under section 262A.5, if substantial savings can be expected, in order to reduce the shortfall in tuition replacement appropriations made in this paragraph. The board shall analyze the conditions prevalent in the tax exempt bond market, the overall potential savings, the possibility of restructuring debt service to lessen future tuition replacement costs, the potential impacts upon the owners of state board of regents' bonds, and the potential impacts upon future sales of state board of regents' bonds.

In determining the amount of the shortfall, the state board of regents shall not include tuition or fee increases approved by the state board of regents after May 1, 1986.

c. For allocation by the state board of regents to the institutions under its control for supplemental salary increases for faculty, professional, and scientific employees \$ 2,000,000

The state board of regents shall allocate moneys appropriated in this paragraph so that each institution of higher education receives a portion of the appropriation equal to the percent that eligible full-time equivalent faculty at the institution bears to the total full-time equivalent faculty at all institutions of higher education. The funds distributed by the university of northern Iowa for organized faculty shall be distributed either through the collective

bargaining agreement in force for the fiscal year beginning July 1, 1986, or according to a different procedure that is acceptable to the collective bargaining representatives for the faculty at the university of northern Iowa and for the university of northern Iowa.

2. STATE UNIVERSITY OF IOWA

a. General university, including lakeside laboratory.

For salaries, support, maintenance, equipment, and miscellaneous purposes and for the pediatric department of the college of medicine to continue to fund the program of research at the current level in the cause, course, treatment, cure, and management of diabetes mellitus \$117,840,274

It is the intent of the general assembly that funds appropriated in this paragraph not be used to pay for efforts of the prisoner assistance clinic at the university of Iowa law school to solicit participation in the clinic by inmates at state correctional facilities.

It is the intent of the general assembly that three hundred twelve thousand five hundred (312,500) dollars of the funds appropriated in this paragraph be used for the purchase of research and instructional equipment.

b. University hospitals

(1) For salaries, support, maintenance, equipment, and miscellaneous purposes; for medical and surgical treatment of indigent patients as provided in chapter 255 \$ 23,070,941

(2) For allocation by the dean of the college of

medicine, with approval of the advisory board, to qualified participants, to carry out chapter 148C for the family practice program \$ 1,359,609

(3) For specialized child health care services, including childhood cancer diagnostic and treatment network programs; rural comprehensive care for hemophilia patients; and Iowa high risk infant follow-up program \$ 278,758

c. As a condition of the appropriation made in paragraph "b", subparagraph (1), the county quotas for indigent patients for the fiscal year commencing July 1, 1986 shall not be lower than the county quotas for the fiscal year commencing July 1, 1985. Before a patient is eligible for the indigent patient program, the county general relief director shall first ascertain from the local office of human services if the applicant would qualify for medical assistance or the medically needy program without the spend-down provision under chapter 249A. If the applicant qualifies, then the patient shall be certified for medical assistance and shall not be counted under chapter 255.

It is the intent of the general assembly that university hospitals shall not perform heart, liver, pancreas, artificial heart, or heart/lung transplantations on indigent patients referred under chapter 255 unless the patient meets criteria developed by the national heart, lung and blood institute's special advisory group for heart recipients, or the 1983 national institute of health's consensus conference on liver transplants for liver recipients, or unless the patient meets nationally recognized criteria for pancreas transplantations. The total amount of state funds expended for heart, liver,

pancreas, artificial heart, or heart/lung transplantations shall not exceed nine-tenths of one percent of the total state indigent funds received by the university hospitals for the fiscal year beginning July 1, 1986 and ending June 30, 1987.

d. As a condition of the appropriation made in paragraph "b", subparagraph (1), funds appropriated in that subparagraph shall not be allocated to the university hospitals until the superintendent has filed with the department of management and the legislative fiscal bureau a quarterly report containing the account required in section 255.24. The report shall include the information required in section 255.24 for patients by the type of service provided.

e. As a condition of the appropriation made in paragraph "b", funds appropriated in this section shall not be used to perform abortions except medically necessary abortions, and shall not be used to operate the early termination of pregnancy clinic except for the performance of medically necessary abortions. For the purpose of this paragraph, an abortion is the purposeful interruption of pregnancy with the intention other than to produce a live-born infant or to remove a dead fetus, and a medically necessary abortion is one performed under one of the following conditions:

(1) The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.

(2) The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.

(3) The pregnancy is the result of a rape which is reported within forty-five days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

(4) The pregnancy is the result of incest which is reported within one hundred fifty days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

(5) The abortion is a spontaneous abortion, commonly known as a miscarriage, wherein not all of the products of conception are expelled.

f. Psychiatric hospital

For salaries, support, maintenance, equipment, and miscellaneous purposes and for the care, treatment and maintenance of committed and voluntary public patients \$ 5,321,186

g. State hygienic laboratory

For salaries, support, maintenance, equipment, and miscellaneous purposes \$ 2,098,376

h. Hospital school

For salaries, support, maintenance, equipment, and miscellaneous purposes \$ 3,874,645

i. Oakdale campus

For salaries, support, maintenance, equipment, and miscellaneous purposes \$ 2,278,902

3. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

a. General university

For salaries, support, maintenance, equipment, and miscellaneous purposes \$ 96,082,703

It is the intent of the general assembly that three hundred twelve thousand five hundred (312,500) dollars of the funds appropriated in this paragraph be used for the purchase of research and instructional equipment.

b. Agricultural experi-

ment station

For salaries, support, maintenance, equipment, and miscellaneous purposes \$ 11,002,021

c. Cooperative extension service in agriculture and home economics

(1) For salaries, support, maintenance, and miscellaneous purposes \$ 10,343,403

The cooperative extension service in agriculture and home economics and the department of economic development shall enter into an agreement under chapter 28E that provides a procedure for coordinating the economic development activities of the cooperative extension service in agriculture and home economics with the economic development activities of the department of economic development.

(2) For continuation of the rural concern hotline \$ 90,000

These funds may be matched by private contributions.

d. Center for industrial research and services

(1) For hazardous waste and cleanup project \$ 50,000

4. UNIVERSITY OF NORTHERN IOWA

For salaries, support, maintenance, equipment, and miscellaneous purposes \$ 37,846,399

5. STATE SCHOOL FOR THE

DEAF

For salaries, support, maintenance, and miscellaneous purposes \$ 4,520,929

6. IOWA BRAILLE AND SIGHT-

SAVING SCHOOL

For salaries, support, maintenance, and miscellaneous purposes \$ 2,475,290

Sec. 111. INDIGENT OBSTETRICAL PATIENT QUOTAS.

1. The statewide indigent patient care program shall continue the nonquota system for indigent obstetrical and orthopedic patients and shall maintain the current county quota system for other indigent patients. In addition, commencing October 1, 1986, under the statewide indigent patient care program each county shall be allocated an indigent obstetrical patient quota equal to the lesser of sixty patients or a total number equal to four percent of the average number of live births per year in the county, calculated for the 1983, 1984, and 1985 calendar years, minus the number of obstetrical patients from the county who delivered at the university of Iowa hospitals and clinics under the statewide indigent patient care program in the fiscal year beginning July 1, 1985. However, each county shall be allocated a minimum indigent obstetrical patient quota of four. The department of public health shall provide for the reassignment of an unused county obstetrical quota allotment to other counties on April 1, 1987. The reassignment shall only be taken from a county which has an unused obstetrical patient quota for the portion of the fiscal period ending March 31, 1987, and the reassignment shall not affect the county's portion of the quota for the calendar quarter ending June 30, 1987. The reassignments shall be made to other counties on a first-come, first-served basis. A newborn infant who is born locally to an indigent woman under a county's indigent obstetrical patient quota may be transferred to the university of Iowa hospitals and clinics and receive care as a nonquota indigent patient. A county may use its obstetrical quota to provide services to indigent obstetrical patients and their newborns under the county's

general relief program to hospitals licensed in this state and to physicians licensed and practicing in this state. All providers of services to quota and nonquota obstetrical and newborn patients shall agree to accept as full payment the reimbursements allowable under the medical assistance program established pursuant to chapter **249A**, adjusted for intensity of care. However, the total reimbursement from the obstetrical patient care fund to providers for residents of a county is limited to that county's indigent obstetrical patient quota multiplied by one thousand four hundred dollars. The university of Iowa hospitals and clinics and other hospitals shall submit their billings on the UB **82**, uniform hospital billing form, and physicians shall submit their billings on the HCFA 1500. University hospital billings shall be submitted directly to the department of public health and other billings shall be submitted through the county general relief directors to the department of public health.

2. The department of public health, in collaboration with the department of human services and in consultation with the Iowa state association of counties, shall adopt rules, pursuant to chapter 17A, establishing minimum standards for eligibility for obstetrical and newborn care, including physician examination, medical testing, and inpatient transportation costs, for indigent obstetrical and newborn care provided by the university of Iowa hospitals and clinics and by other hospitals licensed in this state and physicians licensing and practicing in this state. The minimum standards for eligibility shall provide eligibility for persons with incomes at or below one hundred fifty percent of the annual revision of the poverty income guidelines published by the United States department of health and human services, and shall provide, but shall not be limited to providing, eligibility for uninsured and underinsured persons financially unable to pay for necessary obstetrical and newborn care. The minimum standards may include a spend-down provision. The

resource standards shall be set at or above the resource standards under the federal supplemental security income program. The resource exclusions allowed under the federal supplemental security income program shall be allowed and shall include resources necessary for self-employment. The department of public health shall adopt administrative rules to implement the statewide indigent obstetrical patient quota system under section **17A.4**, subsection **2**, and section **17A.5**, subsection **2**, paragraph "b" and the rules shall become effective no later than October 1, **1986**.

3. The department of public health shall establish procedures for payment to other hospitals licensed in this state, and physicians licensed and practicing in this state.

4. A county shall not be held responsible for the costs of providing obstetrical and newborn care, including physician examination, medical testing, and transportation costs, to pregnant women and their newborn infants who meet the eligibility requirements adopted by the department of public health.

5. A person desiring obstetrical and newborn care, the cost of which is payable under the obstetrical patient care program, or the parent or guardian of a minor desiring or in need of such care, may apply to the general relief director of the person's county of residence to have the cost of such care paid from the obstetrical patient care fund. The applicant shall attest to the accuracy of the information contained on the application. The county general relief director shall first ascertain from the local office of the department of human services if the applicant would be eligible for medical assistance or for assistance under the medically needy program without any spend-down requirement, pursuant to chapter **249A**. If the applicant is eligible for assistance pursuant to chapter **249A**, if the applicant is eligible for maternal and child health care services covered by a maternal and child health program, the obstetrical patient care program shall not

provide such assistance, care, or covered services provided under other programs.

6. The legislative fiscal bureau and the state health data commission shall study the operation of the obstetrical patient care program for the fiscal period beginning July 1, 1986, and ending June 30, 1988, shall identify the levels of medical care provided and the location of the care provided under the program, and the costs of the care provided by all hospitals under this section, and shall report its preliminary findings to the governor and the general assembly convening in 1987 and its final determinations to the governor and the general assembly convening in 1988.

7. There is appropriated from the general fund of the state to a special account in the state treasury to be known as the obstetrical patient care fund, for the fiscal year beginning July 1, 1986, and ending June 30, 1987, one million one hundred thousand (1,100,000) dollars, or so much thereof as is necessary, for the development and operation, commencing October 1, 1986, of a statewide obstetrical patient care program as provided in this section. The department of public health shall be the administrator of the fund.

If moneys appropriated to the obstetrical patient care fund by this section remain unobligated and unencumbered on June 30, 1987, the moneys shall not revert to the general fund of the state but shall be transferred to the indigent patient care fund established pursuant to chapter 255.

8. It is the intent of the general assembly that commencing July 1, 1987 under the statewide indigent patient care program established pursuant to chapter 255, each county shall be allocated an indigent obstetrical and newborn patient quota equal to the lesser of seventy patients or a total number equal to six percent of the average number of live births per year in the county, calculated for the 1984, 1985, and 1986 calendar years, minus the number of obstetrical patients from the county who delivered at the university of

Iowa hospitals and clinics under the statewide indigent patient care program in the fiscal year beginning July 1, 1986, with each county being allocated a minimum quota of four.

It is the intent of the general assembly that the portion of the indigent patient care program established pursuant to chapter 255 serving indigent obstetrical and newborn patients be completely decentralized to all counties by July 1, 1988 so as to allow reimbursement for care locally as well as at the university of Iowa hospitals and clinics. It is the intent of the general assembly that persons certified for obstetrical and newborn care under the decentralized program be entitled to reimbursement only to the extent of moneys appropriated to the program. It is further the intent of the general assembly that the amount appropriated for obstetrical and newborn care under the decentralized program be equal to the amount that would otherwise have been appropriated for obstetrical and newborn patients under the indigent patient care program established pursuant to chapter 255.

Sec. 112. Upon the request of the public broadcasting division of the department of cultural affairs, the executive council shall sell the property and building located at 2801 Bell avenue in Des Moines, Iowa, and used by the Iowa department of public broadcasting. The proceeds from the sale of the property and building are appropriated to the public broadcasting division of the department of cultural affairs to pay a portion of the costs of construction of a new building for the public broadcasting division of the department of cultural affairs. However, the executive council may direct that the building and property located at 2801 Bell avenue in Des Moines, Iowa, be used for another state purpose. The executive council shall determine by independent appraisal the fair market value of the building and property and, in that case, an appropriation equal to appraised value of the building and property may be considered by the general

assembly to pay a portion of the costs of construction of a new building for the public broadcasting division of the department of cultural affairs.

Sec. 113. The department of education shall establish auditable standards and a maximum number of reimbursable contact hours for each program offered by one or more of the area schools. The standards shall provide the basis for allocation of state general aid and state vocational aid, on an equitable program basis for the fiscal year beginning July 1, 1988 and thereafter.

Sec. 114. The Iowa college aid commission shall notify eligible high school seniors in writing that the supplemental grant program established in sections 261.61 through 261.63 has been retained by the general assembly and nine hundred thousand (900,000) dollars is appropriated in section 261.63 for the payments. The letter shall include notification that it supersedes correspondence previously received by the student stating that the program was abolished.

Sec. 115. Notwithstanding the procedures and appropriation specified in section 273.11, for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the director of the department of education may modify the amount due from an area education agency under section 273.11 and the director of the department of revenue and finance shall pay the amount due to an area education agency from moneys appropriated for state school foundation aid under section 119 of this Act.

Sec. 116. Notwithstanding the procedures and appropriation specified in section 281.12, for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the director of the department of education may modify the amount due to a school district or agency providing a special education program under section 281.12 and the director of the department of revenue and finance shall pay the amount due to a school district or agency providing a special education program from **moneys** appropriated for state school foundation aid under section 119 of this Act.

Sec. 117. Notwithstanding the procedures and appropriation specified in section 282.19, for the fiscal year beginning July 1, 1986 and ending June 30, 1987, if the child does not require special education, the superintendent of the school district shall certify the costs of instruction under section 282.19 to the director of the department of education not later than September 1 of each year for the preceding fiscal year. The director of the department of education shall review the costs of instruction and may modify them and submit a requisition to the department of revenue and finance. The amount due shall be paid by the department of revenue and finance to the school district from moneys appropriated for state school foundation aid under section 119 of this Act.

For the purpose of this section, "costs of instruction" means the tuition fee of the school district in which the child is enrolled calculated under section 282.24 and multiplied by the portion of the school year in which the child was enrolled.

Sec. 118. Notwithstanding the procedures and appropriation specified in section 282.27, for the fiscal year beginning July 1, 1986 and ending June 30, 1987, if a child requiring special education is not counted in the weighted enrollment of any district under section 281.9 and payment is not made by any district, the director of the department of education may modify the special education instructional costs certified to the director of the department of education under section 282.27 by a school district and the director of the department of revenue and finance shall pay the amount due from moneys appropriated for state school foundation aid under section 119 of this Act.

Sec. 119. Notwithstanding section 442.26, from moneys appropriated pursuant to section 442.26 for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the department of revenue and finance shall deduct the total of the amounts due under sections 115 through 118, not to exceed

the total amounts paid under sections 273.11, 281.12, 282.19, and 282.27, for the fiscal year beginning July 1, 1984. If the total of the amounts due under this section is more than the total of the amounts paid for the fiscal year beginning July 1, 1984, the department of revenue and finance shall allocate an amount to be paid under each of sections 115 through 118 based upon the proportion the amount paid under each of sections 273.11, 281.12, 282.19, and 282.27 for the fiscal year beginning July 1, 1984 bears to the total amount paid for that fiscal year. The payments to area education agencies under section 115, to school districts or other agencies under section 116, and to school districts under sections 117 and 118, shall be prorated based upon the moneys allocated for the respective sections.

Sec. 120. 1985 Iowa Acts, chapter 254, section 2, subsection 1, is amended by adding the following new unlettered paragraphs after unlettered paragraph 2:

NEW UNLETTERED PARAGRAPHE. A pay adjustment provided in this subsection for the 1986-1987 fiscal year shall be added to the salary of a full-time nonadministrative certificated employee and shall supplement, not supplant, the results of a collective bargaining agreement negotiated under chapter 20, if any. The amount of a pay adjustment is for the adjustment of base pay only.

NEW UNLETTERED PARAGRAPH. It is the intent of the general assembly that moneys appropriated for salary adjustments for each area school under this subsection shall be included in each institution's general aid request for the fiscal year beginning July 1, 1987 and the amounts of the pay adjustments shall be submitted to the general assembly by the department of education.

Sec. 121. Section 8.6, subsection 9, Code Supplement 1985, as amended by House File 2225, enacted by the Seventy-first General Assembly, 1986 Session, is amended by striking the subsection and inserting in lieu thereof the following:

9. INTEREST OF THE PERMANENT SCHOOL FUND. To transfer the interest of the permanent school fund to the credit of the first in the nation in education foundation as provided in section 302.1A.

Sec. 122. Section 257A.1, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

There is created a corporate body called "First In the Nation in Education, an education foundation". The foundation is an independent nonprofit quasi-public instrumentality and the exercise of the powers granted to the foundation as a corporation in this chapter is an essential governmental function. As used in this chapter "foundation" means "First In the Nation in Education, an education foundation". The purposes of the foundation include but are not limited to the following for the common schools of this state:

Sec. 123. Section 257A.7, Code Supplement 1985, is amended by striking the section and inserting in lieu thereof the following:

257A.7 FUND CREATED AND TRANSFER OF MONEYS.

The "First in the Nation in Education Fund" is established in the office of treasurer of state. The fund shall be an endowment for the foundation and moneys deposited in the fund shall not be expended, but shall be invested by the treasurer of state in investments authorized for the Iowa public employees' retirement fund in section 97B.7.

The governing board of the foundation may accept gifts, grants, bequests, and other moneys for deposit in the fund as a part of the endowment or for the use of the foundation.

Gifts, grants, and bequests from public and private sources, federal funds, and other moneys received for the endowment shall be deposited in the fund. Interest earned on the fund shall be transferred by the department of revenue and finance to the credit of the foundation at the request of the governing board and shall be used for the purposes of this chapter.

The governing board *may* transfer moneys credited for the use of the foundation not encumbered or obligated on June 30 of a fiscal year to the fund and those moneys shall be considered interest earned by the fund and may be transferred back to the credit of the foundation at the request of the governing board at any time.

Sec. 124. Section 260.15, Code Supplement 1985, is amended to read as follows:

260.15 APPLICATIONS -- DISBURSEMENT OF FEES.

Applications for the issuance or renewal of all teachers' certificates shall be made to the ~~commissioner of public instruction~~ director of the department of education. Fees for the issuance or renewal of certificates shall be paid to the ~~commissioner of public instruction~~ director of the department of education who shall deposit each fee received from these sources with the treasurer of state and credit the fee to the general fund of the state. ~~if an application for the issuance or renewal of a certificate is not approved, the commissioner of public instruction shall remit the fee to the applicant by a state comptroller's warrant issued on the general fund of the state upon certification of the commissioner of public instruction that the fee has not been earned.~~ The ~~commissioner~~ director shall keep an accurate and detailed account of money received.

Sec. 125. Section 262.9, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 15. Provide that residents of Yamanashi, Japan; Yucatan, Mexico; and Hebei, China, who enroll in its institutions of higher education are eligible for resident student status and resident student tuition. The named locations are Iowa's sister states.

Sec. 126. Section 262.44, subsection 1, Code 1985, is amended to read as follows:

1. Set aside and use ~~such~~ portions of the respective campuses of the institutions of higher education under its

control, namely, the state University university of Iowa, the Iowa ~~State-University~~ state university of science and technology, and the ~~University-of-Northern~~ university of northern Iowa, as the board ~~shaff-determine-to-be~~ determines are suitable for the acquisition or construction thereon of the following self-liquidating and revenue producing buildings and facilities, ~~which the board deems necessary for the comfort, convenience and welfare of their students and suitable for the purposes for which the institutions were established, including students:~~ Student unions, recreational buildings, auditoriums, stadiums, field houses, athletic buildings and areas, parking structures and areas, research equipment if the debt incurred in its acquisition will be retired by federal, private, or other lawfully available nonappropriated funds, and additions to or alterations of existing buildings or structures now or hereafter used for any or all of the purposes aforesaid.

Except as provided for self-liquidating dormitories, the state board of regents, or any bonding authority established by them, shall not issue any notes, bonds or other evidence of indebtedness for construction of other buildings or facilities without prior approval by the general assembly and the governor in the manner provided in section 262A.4 for bonds issued under that chapter.

Sec. 127. NEW SECTION. 262.64A REPORTS TO GENERAL ASSEMBLY.

The state board of regents shall determine, in consultation with the legislative fiscal bureau, the financial information to be included in line item budget information for projects funded by the issuance of bonds or notes under this chapter and shall submit the line item budget information to the general assembly as requested. The state board of regents shall submit quarterly reports to the general assembly concerning the projects funded by the issuance of bonds or notes under this chapter as follows:

1. Identification of both undercharges and overcharges for line items of projects.

2. Identification of contracts in which any line item for a project exceeds the adopted budget for that line item by ten percent or more.

3. Identification of complaints received by an institution regarding the construction of a project.

If the state board of regents approves a change in the amount of the line item of a budget for a project, the change shall be transmitted to the appropriations committees of the house of representatives and senate, while the general assembly is in session, and to the legislative council, when the general assembly is not in session, for review.

Sec. 128. Section 262A.5, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The board is authorized to borrow money under the ~~provisions of~~ this chapter, and the board may issue and sell negotiable bonds to pay all or any part of the cost of carrying out any project at any institution and may refund and refinance bonds issued for any project or for refunding purposes at the same rate or at a higher or lower rate or rates of interest. Bonds issued under the provisions of this chapter shall be sold by said board at public sale on the basis of sealed proposals received pursuant to a notice specifying the time and place of sale and the amount of bonds to be sold which shall be published at least once not less than seven days prior to the date of sale in a newspaper published in the state of Iowa and having a general circulation in said state. The provisions of chapter 75 shall not apply to bonds issued under authority contained in this chapter, but such bonds shall be sold upon terms of not less than par plus accrued interest. Bonds issued to refund other bonds issued under the provisions of this chapter may either be sold in the manner hereinbefore specified and the proceeds thereof applied to the payment of the obligations being

refunded, or the refunding bonds may be exchanged for and in payment and discharge of the obligations being refunded. The refunding bonds may be sold or exchanged in installments at different times or an entire issue or series may be sold or exchanged at one time. Any issue or series of refunding bonds may be exchanged in part or sold in parts in installments at different times or at one time. The refunding bonds may be sold or exchanged at any time on, before, or after the maturity of any of the outstanding bonds or other obligations to be refinanced thereby and may be issued for the purpose of refunding a like or greater principal amount of bonds, except that the principal amount of the refunding bonds may exceed the principal amount of the bonds to be refunded to the extent necessary to pay any premium due on the call of the bonds to be refunded or to fund interest in arrears or about which is to become due.

Sec. 129. NEW SECTION. 262A.12A REPORTS TO GENERAL ASSEMBLY.

The state board of regents shall determine, in consultation with the legislative fiscal bureau, the financial information to be included in line item budget information for projects funded by the issuance of bonds or notes under this chapter and shall submit the line item budget information to the general assembly as requested. The state board of regents shall submit quarterly reports to the general assembly concerning the projects funded by the issuance of bonds or notes under this chapter as follows:

1. Identification of both undercharges and overcharges for line items of projects.

2. Identification of contracts in which any line item for a project exceeds the adopted budget for that line item by ten percent or more.

3. Identification of complaints received by an institution regarding the construction of a project.

If the state board of regents approves a change in the amount of the line item of a budget for a project, the change shall be transmitted to the appropriations committees of the house of representatives and senate, while the general assembly is in session, and to the legislative council, when the general assembly is not in session, for review.

Sec. 130. NEW SECTION. 263A.10A REPORTS TO GENERAL ASSEMBLY.

The state board of regents shall determine, in consultation with the legislative fiscal bureau, the financial information to be included in line item budget information for projects funded by the issuance of bonds or notes under this chapter and shall submit the line item budget information to the general assembly as requested.. The state board of regents shall submit quarterly reports to the general assembly concerning the projects funded by the issuance of bonds or notes under this chapter as follows:

1. Identification of both undercharges and overcharges for line items of projects.
2. Identification of contracts in which any line item for a project exceeds the adopted budget for that line item by ten percent or more.
3. Identification of complaints received by an institution regarding the construction of a project.

If the state board of regents approves a change in the amount of the line item of a budget for a project, the change shall be transmitted to the appropriations committees of the house of representatives and senate, while the general assembly is in session, and to the legislative council, when the general assembly is not in session, for review.

Sec. 131. Section 270.9, subsection 2, Code 1985, is amended to read as follows:

2. Transportation reimbursement at a rate established annually by the state board of regents to the parents or guardians for ~~not-more-than-eleven-trips-per-year~~

transportation from the institution to the residence of the parent or guardian and return to the institution for children who reside in the institution.

Sec. 132. NEW SECTION. 270.10 MERGER REQUIREMENTS.

The state board of regents shall not merge the school for the deaf at Council Bluffs with the Iowa braille and sight-saving school at Vinton or close either of those institutions until all of the following requirements have been met:

1. The department of management has presented to the general assembly a comprehensive plan, program, and fiscal analysis of the existing circumstances and the circumstances which would prevail upon the proposed merger or closing, together with data which would support the contention that the merger or closing will be more efficient and effective than continuation of the existing facilities. The analysis shall include a detailed study of the educational implications of the merger or closing, the impact on the students, and the opinions and research of nationally recognized experts in the field of the education of visually impaired and deaf students. The comprehensive plan shall further include a study relating to the programming, fiscal consequences, and political implications which would result if either a merger or an agreement under chapter 28E should be implemented between the school for the deaf in Council Bluffs and comparable state programs in the state of Nebraska.

2. The general assembly has studied the plans, programs, and fiscal analysis and has reviewed their impact on the programs.

3. The general assembly has enacted legislation authorizing either the closing or the merger to take effect not sooner than two years after the enactment of the legislation.

Sec. 133. Section 273.3, subsection 10, Code Supplement 1985, is amended to read as follows:

10. In any county operating a juvenile home, upon request of the county board of supervisors, provide suitable curriculum, teaching staff, books, supplies, and other necessary materials for the instruction of children of school age who are maintained in the juvenile home of the county, as provided in section 232.142. An area education agency shall also provide suitable curriculum, teaching staff, books, supplies, and other necessary materials for the instruction of children of school age in juvenile homes other than those operated by a county if the juvenile home meets the criteria adopted by the board of education and if the children have been placed in the juvenile homes by the district court and parental rights have been terminated. The department of education shall adopt rules under chapter 17A for the instruction provided by area education agencies under this subsection. Reimbursement for the cost of instruction provided under this section shall be made pursuant to section 273.11.

Sec. 134. Section 280A.23, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 12. During the second week of August of each year, publish by one insertion in at least one newspaper published in the merged area a summarized statement verified by affidavit of the secretary of the board showing the receipts and disbursements of all funds of the area school for the preceding fiscal year. The statement of disbursements shall show the names of the persons, firms, or corporations, and the total amount paid to each during the fiscal year. The board is not required to make the publications and notices required under sections 279.34, 279.35, and 279.36.

Sec. 135. Section 285.1, subsection 3, Code Supplement, 1985, is amended to read as follows:

3. In a district where transportation by school bus is impracticable or where school bus service is not available, the board may require parents or guardians to furnish

transportation for their children to the schools designated for attendance. The Except as provided in section 285.3, the parent or guardian shall be reimbursed for such transportation service for public and nonpublic school pupils by the board of the resident district in an amount equal to eighty dollars plus the-fasfawing seventy-five percent of the difference between eighty dollars and the previous school year's statewide average per pupil transportation cost, as determined by the department of pubsic-instruction educationt
~~a. For the school year commencing July 17, 1980, twenty-five percent;~~
~~b. For the school year commencing July 17, 1981, fifty percents~~
~~c. For the school year commencing July 17, 1982 and each school year thereafter, seventy-five percent.~~

However, a parent or guardian shall not receive reimbursement for furnishing transportation for more than two family members who attend elementary school and one family member who attends high school.

Sec. 136. Section 285.2, unnumbered paragraph 2, Code 1985, is amended to read as follows:

There is appropriated from the general fund of the state to the department of pubsic-instruction education funds sufficient to pay the approved claims of public school districts for transportation services to nonpublic school pupils as provided in this section. The portion of the amount appropriated for approved claims under section 285.1, subsection 3, shall be determined under section 285.3.

Sec. 137. Section 285.2, unnumbered paragraph 4, Code 1985, is amended to read as follows:

Claims for reimbursement shall be made to the department of public-instruction education by the public school district providing transportation or transportation reimbursement during a school year on a form prescribed by the department, and the claim shall state the services provided and the actual

costs incurred. A claim shall not exceed the average transportation costs of the district per pupil transported except as otherwise provided. If transportation is provided under section 285.1, subsection 3, the amount of a claim shall be determined under paragraph "c" of that subsection shall be the amount of the claim under section 285.3 regardless of the average transportation costs of the district per pupil transported.

PARAGRAPH DIVIDED. Claims shall be accompanied by an affidavit of an officer of the public school district affirming the accuracy of the claim. By February 1 and by July 15 of each year, the department shall certify to the ~~state comptroller~~ department of revenue and finance the amounts of approved claims to be paid, and the state ~~comptroller~~ department of revenue and finance shall draw warrants payable to school districts which have established claims. Claims shall be allowed where practical, and at the option of the public school district of the pupil's residence, subject to approval by the area education agency of the pupil's residence, under section 285.9, subsection 3, the public school district of the pupil's residence may transport any a pupil to a school located in a contiguous public school district outside the boundary lines of the public school district of the pupil's residence. The public school district of the pupil's residence may contract with the contiguous public school district or with a private contractor under section 285.5 to transport the pupils to the school of attendance within the boundary lines of the contiguous public school district. The public school district in which the pupil resides may contract with the contiguous public school district or with a private contractor under section 285.5 to transport the pupil from the pupil's residence or from designated school bus collection locations to the school located within the boundary lines of the contiguous public school district, subject to the approval of the area education

agency of the pupil's residence. The public school district of the pupil's residence may utilize the reimbursement provisions of section 285.1, subsection 3.

Sec. 138. NEW SECTION. 285.3 PARENTAL REIMBURSEMENT FOR NONPUBLIC TRANSPORTATION.

The portion of the amount appropriated under section 285.2 to pay claims to reimburse parents or guardians of nonpublic school pupils for furnishing transportation for their children is equal to eighty dollars plus seventy-five percent of the difference between eighty dollars and the previous school year's statewide average per pupil transportation cost as determined by the department of education multiplied by the total number of nonpublic school pupils for which the parent or guardian furnishes transportation, except that only two members of a family who attend a nonpublic high school shall be included in the total number.

The amount of an approved claim to a parent or guardian for furnishing transportation shall include a base payment, and may include a supplemental payment, determined under this section. The base payment is equal to the amount of the reimbursement determined under section 285.1, subsection 3.

The difference between the amount appropriated under this section for reimbursement of parents and guardians and the amount paid to parents and guardians pursuant to section 285.1, subsection 3, shall be used for supplemental payments to the parents and guardians of nonpublic school pupils who transport one or more family members more than four miles to a school of attendance. The department of education shall add together the number of parents and guardians who transport one or more family members more than four and less than eight miles to their schools of attendance and two times the number of parents and guardians who transport one or more family members eight or more miles to their schools of attendance and divide that total number of parents and guardians into the amount available for supplemental payments to determine a

supplemental payment amount. Parents and guardians who transport one or more family members more than four but less than eight miles to their schools of attendance shall receive an amount equal to the supplemental payment amount. Parents and guardians who transport one or more family members eight or more miles to their schools of attendance shall receive an amount equal to two times the supplemental payment amount.

Sec. 139. Section 302.1, subsection 1, Code 1985, is amended to read as follows:

1. Five percent of the net proceeds of the public lands of the state, ~~which shall be paid to the state treasurer and be apportioned by the state comptroller among the educational agencies in this state.~~

Sec. 140. Section 302.1, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 5. The portion of the interest on the permanent school fund that has not been transferred to the credit of the first in the nation in education foundation.

Annually on January 1, the treasurer of state shall transfer a portion of the permanent school fund to the first in the nation in education fund pursuant to the requirements of this section. Prior to January 1 of each year, the governing board of the first in the nation in education foundation shall certify to the treasurer of state the amount that the governing board has received under section 257A.7, subsections 2 and 3, during the previous calendar year. The treasurer of state shall deposit in a separate account in the first in the nation in education fund the portion of the permanent school fund equivalent to the amount certified.

Sec. 141. NEW SECTION. 302.1A TRANSFER OF INTEREST.

The department of revenue and finance shall transfer the interest earned on the permanent school fund to the first in the nation in education foundation in the manner provided in this paragraph. Prior to March 1 of each year, the governing board of the first in the nation in education foundation

established in section 257A.2 shall certify to the state comptroller the total amount of the endowment in the first in the nation in education fund. The portion of the permanent school fund that is equal to the total amount of the endowment is dedicated to the first in the nation in education foundation for that year. The interest from this dedicated amount shall be transferred to the credit of the first in the nation in education foundation. The remaining portion of the interest earned on the permanent school fund shall become a part of the permanent school fund.

Sec. 142. Section 304A.6, subsection 6, Code 1985, is amended to read as follows:

6. Accept gifts, contributions, endowments, or bequests for all or any of the purposes of this chapter. Interest earned on the gifts, contributions, endowments, or bequests accepted under this subsection shall be credited to the fund or funds to which the gifts, contributions, endowments, or bequests have been deposited and are available for all or any of the purposes of this chapter.

Sec. 143. Section 442.3, Code 1985, is amended by striking the section and inserting the following:

442.3 STATE FOUNDATION BASE.

The state foundation base for the school year beginning July 1, 1986 is eighty percent of the state cost per pupil. The state foundation base for the school year beginning July 1, 1987 is eighty-one and one-half percent of the state cost per pupil. For each succeeding school year, the state foundation base shall be increased by the amount of one-half percent of the state cost per pupil, up to a maximum of eighty-five percent of the state cost per pupil. The district foundation base is the larger of the state foundation base or the amount per pupil which the district will receive from foundation property tax and state school foundation aid.

Sec. 144. Section 442.27, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. For the school year beginning July 1, 1986, the department of management shall increase the area media services cost per pupil in each area education agency and the state media services cost per pupil determined under subsection 4 by one dollar and one cent for the purchase or replacement of material required in section 273.6, subsection 1, paragraphs "a", "b", and "c".

Sec. 145. NEW SECTION. 286A.1 STATE AREA SCHOOL FUNDING PLAN.

The state area school funding plan is established for the fiscal year beginning July 1, 1986 and succeeding fiscal years. Funds appropriated specifically for distribution under this chapter shall be allocated to the area schools established under chapter 280A in the manner provided in this chapter. If the funds appropriated for distribution under this chapter are insufficient to make the allocations required, the department of management shall prorate the allocations. However, an area school shall be allocated an amount at least equal to the state general aid allocated for the base year unless the formula is fully funded under this chapter.

Sec. 146. NEW SECTION. 286A.2 DEFINITIONS.

As used in this chapter and chapter 280A, unless the context otherwise requires:

1. "Contact hour" means fifty minutes of contact between an instructor and students in a scheduled course offering for which students are registered.

The total contact hours for an area school in a cost center for a budget year for purposes of determining state general aid under this chapter are the average of the total contact hours offered by the area school in that cost center for the base year and the two fiscal years preceding the base year.

2. "Contact hour eligible for general aid" is a contact hour as provided in subsection 1 except for the contact hours of nonresident students; contact hours of students in

avocational or recreational programs; and contact hours of students in courses or programs the direct operational costs of which are entirely paid by federal, state, or other governmental agencies, or private subsidy, or both.

3. "Base year" means base year as defined in section 442.6.

4. "Budget year" means budget year as defined in section 442.6.

5. "State percent of growth" is the state percent of growth calculated under section 442.7.

6. "Area school allowable growth for an instructional cost center" is a dollar amount determined by the department of management by multiplying the state average cost per contact hour for that cost center for a base year times the state percent of growth for the budget year.

7. "Instructional cost center" means one of the following areas of course offerings of the area schools:

- a. Arts and sciences cost center.
- b. Vocational-technical preparatory cost center.
- c. Vocational-technical supplementary cost center.
- d. Adult basic education and high school completion cost center.

e. Continuing and general education cost center.

8. "Noninstructional function" means all of the following functions:

- a. General institutional function.
- b. Student services function.
- c. Physical plant, including plant maintenance and utility costs functions.
- d. Library services function.

9. "State average cost per contact hour for an instructional cost center" is the actual state average cost per contact hour for that instructional cost center for all area schools for the base year beginning July 1, 1985 adjusted in succeeding years to equal the base year's state average

cost per contact hour for the instructional cost center plus the area school allowable growth for the instructional cost center for the budget year. The state average cost per contact hour does not include expenditures for capital outlay.

Sec. 147. NEW SECTION. 286A.3 FOUNDATION SUPPORT LEVEL.

The department of management shall determine for the base year beginning July 1, 1985, the state average cost per contact hour for each instructional cost center. The state foundation support level per contact hour for each instructional cost center is sixty-five percent of the state average cost per contact hour for that year.

For the budget year commencing July 1, 1986 and succeeding budget years, the department of management shall determine the area school allowable growth for each instructional cost center and shall add those amounts to the foundation support level per contact hour for each instructional cost center for the base year in order to determine the foundation support level per contact hour for the budget year. However, for any budget year for which funds are appropriated by the general assembly for salary improvement for the arts and sciences cost center and for the vocational-technical preparatory cost center, the foundation support level per contact hour for those cost centers for the budget year shall be increased by a salary improvement cost per contact hour. However, the salary improvement cost per contact hour is not included in the foundation support level per contact hour for those cost centers. Funds appropriated for salary improvement for a budget year shall be divided by the total number of contact hours in the arts and sciences cost center and the vocational-technical preparatory cost center in all area schools for the budget year to determine a salary improvement cost per contact hour. Salary improvement moneys received by an area school shall be added to the base salaries of recipients of the moneys, and shall supplement, not supplant, the results of a collective bargaining agreement negotiated under chapter 20, if any.

Sec. 148. NEW SECTION. 286A.4 SUPPORT PER INSTRUCTIONAL COST CENTER.

Each area school shall multiply the state foundation support level per contact hour for each instructional cost center for a budget year by the number of contact hours eligible for state general aid in the area school in the cost center for the budget year to obtain the support per cost center in that area school. The total support for an area school for instructional cost centers is the sum of the support per cost center for all five instructional cost centers.

Sec. 149. NEW SECTION. 286A.5 GENERAL INSTITUTIONAL FUNCTION.

The general institutional function cost for the base year commencing July 1, 1985 for an area school is determined by multiplying the area school's total expenditures for the fiscal year beginning July 1, 1985 by thirteen and ninety-six hundredths percent, which is the average percent of total expenditures of the area schools for general institutional function costs.

The foundation support level for the general institutional function for an area school for the base year beginning July 1, 1985 is sixty-five percent of the area school's general institutional support function cost for that year.

For the budget year beginning July 1, 1986 and succeeding budget years, the foundation support level for the general institutional support function for an area school is the foundation support level for the base year plus a general institutional function allowable growth amount. The allowable growth amount is determined by the department of management by multiplying the state percent of growth for the budget year by the state average general institutional function cost for the base year.

For the base year beginning July 1, 1989, and each four years thereafter, the department shall recalculate the average percent of total expenditures of the area schools for general

institutional function costs and shall use that percent for the four next following budget years.

Sec. 150. NEW SECTION. 286A.6 STUDENT SERVICES FUNCTION COST.

The state student services function cost for the base year commencing July 1, 1985 is determined by dividing the total of all area schools' expenditures for the student services function for that year by the total number of contact hours eligible for general aid in the state for that year to achieve a state average student services function cost per contact hour for the base year.

The foundation support level per contact hour for the student services function cost for the base year beginning July 1, 1985 is sixty-five percent of the state average student services function cost per contact hour for that year.

For the budget year beginning July 1, 1986 and succeeding budget years, the foundation support level per contact hour eligible for state general aid for the student services function cost for an area school is the foundation support level per contact hour for the base year plus a student services support allowable growth amount. The allowable growth amount is determined by the department of management by multiplying the state percent of growth for the budget year by the state average student services function cost per contact hour for the base year. The total is then multiplied by the number of contact hours in the area school to determine the foundation support for the student services function cost for a budget year.

Sec. 151. NEW SECTION. 2868.7 PHYSICAL PLANT FUNCTION COST.

The physical plant function cost includes physical plant maintenance cost and the physical plant utility cost.

1. The physical plant function cost for the base year commencing July 1, 1985 for all area schools is determined by dividing the total physical plant maintenance cost of all area

schools for that year by the total square feet of buildings of the area schools for that year to achieve a state average cost per square foot.

The foundation support level per square foot for the physical plant maintenance costs for the base year beginning July 1, 1985 is sixty-five percent of the state average cost per square foot for that year.

For the budget year beginning July 1, 1986 and succeeding budget years, the foundation support level per square foot for the physical plant maintenance costs for an area school is the foundation support level per square foot for the base year plus a physical plant maintenance allowable growth amount. The allowable growth amount is determined by the department of education by multiplying the state percent of growth for the budget year by state average cost per square foot for the base year. The total is then multiplied by the number of square feet in buildings of the area school to determine the foundation support for the physical plant maintenance costs for a budget year. The department shall notify the department of management.

2. The physical plant utility function cost for the base year commencing July 1, 1985 for all area schools is determined by dividing the total physical plant utility costs of all area schools for that year by the total cubic feet of buildings of the area schools for that year to achieve a state average cost per cubic foot.

The foundation support level per cubic foot for the physical plant utility cost for the base year beginning July 1, 1985 is sixty-five percent of the state average cost per cubic foot for the base year for that year.

For the budget year beginning July 1, 1986 and succeeding budget years, the foundation support level per cubic foot for the physical plant utility cost for an area school is the foundation support level per cubic foot for the base year plus a physical plant utility allowable growth amount. The

allowable growth amount is determined by the department of education by multiplying the state percent of growth for the budget year by the state average cost per cubic foot for the base year. The total is then multiplied by the number of cubic feet in buildings of the area school to determine the foundation support for the physical plant utility cost for a budget year. The department shall notify the department of management.

3. The foundation support for the physical plant maintenance cost added to the foundation support for the physical plant utility cost for a budget year equals the foundation support for the physical plant function for a budget year.

Sec. 152. NEW SECTION. 286A.8 LIBRARY FUNCTION COST.

The library function cost for a base year for an area school is determined by the department of education by multiplying the total of the area school's support for the five instructional cost centers, for the general institutional support function, for the student services function, and for the physical plant function for that year by three and thirty-three hundredths percent, which is the average percent of the area schools' support expended for the library function cost. The department shall notify the department of management.

The foundation support level for the library services function for an area school for a base year is sixty-five percent of the area school's library function cost for that year.

For the budget year beginning July 1, 1986 and each succeeding budget year, the foundation support level for the library function for an area school is the foundation support level for the base year plus a library allowable growth amount. The allowable growth amount is determined by the department of education by multiplying the state percent of growth for the budget year by the state average library function cost for the base year for each area school. The department shall notify the department of management.

Sec. 153. NEW SECTION. 286A.9 AREA SCHOOL MONEYS.

The difference between the amount of an area school's budget and the sum of the amount of state general aid plus the amount raised by the tax levy under section 2808.17 may include tuition, student fees, revenues received from property tax levies other than the levy established in section 280A.17, federal moneys, and other moneys received by the area school.

Sec. 154. NEW SECTION. 286A.10 EXPENDITURES FOR BASE YEAR.

When an area school determines its total expenditures, expenditures for the student services function, physical plant maintenance costs, physical plant utility costs, and costs per cost center for the base year beginning July 1, 1985 for purposes of determining state general aid under this chapter, the area school shall use the actual costs and expenditures for the first three quarters of the fiscal year and shall estimate the costs of the fourth quarter. When actual costs and expenditures are known, the department of education shall direct the department of management to adjust the support levels for the cost centers and noninstructional functions and the amount of state general aid to be paid for that budget year on the basis of the actual figures.

Sec. 155. NEW SECTION. 286A.11 STATE GENERAL AID AMOUNT.

The amount of state general aid to which an area school is entitled for a budget year under this chapter is equal to the sum of the following:

1. An amount equal to the difference between the total of foundation support levels for the five instructional cost centers and the four noninstructional functions, and the amount raised by the tax levy under section 280A.17.
2. An amount for operation of a public radio station if one has been established for the area school and has been funded by the state. The amount is the amount for operation of the radio station for the base year plus an amount equal to the cost of operation for the base year multiplied by the state percent of growth for the budget year.

3. Fifty thousand dollars if the area school has fewer than one million contact hours. The department of education shall calculate the difference between the amount of state general aid each area school that has fewer than one million contact hours would receive if a foundation support level of seventy percent were used in lieu of the sixty-five percent specified in this chapter and the amount the area school would receive under this chapter. The area school shall receive that difference in lieu of the fifty thousand dollars granted under this subsection if the difference is greater than fifty thousand dollars.

Sec. 156. NEW SECTION. 286A.12 PAYMENT OF APPROPRIATION.

Payment shall be made by the department of revenue and finance in four installments due on or about November 15, February 15, and May 15 of a budget year and on or about August 15 of the next following budget year, and installments shall be as nearly equal as possible, as determined by the department of revenue and finance, taking into consideration the relative budget and cash position of the state resources.

The payment made on or about August 15 of the next following budget year is an account receivable for the budget year.

Sec. 157. NEW SECTION. 286A.13 MISREPRESENTATION OF REQUIRED INFORMATION.

An area school which misrepresents the cost for a cost center or its contact hours shall repay any excess funds received under this chapter.

Sec. 158. NEW SECTION. 286A.14 AREA SCHOOL BUDGET REVIEW.

1. An area school budget review procedure is established for the school budget review committee created in section . . 442.12. The school budget review committee, in addition to its duties under chapter 442, shall meet and hold hearings each year under this chapter to review unusual circumstances of area schools, either upon the committee's motion or upon

the request of an area school. The committee may grant supplemental aid to the area school from funds appropriated to the department of education for area school budget review purposes, or an amount may be added to the area school allowable growth for all cost centers and area school allowable growth for noninstructional functions for the budget year either on a temporary or permanent basis, or both.

Unusual circumstances shall include but not be limited to the following:

- a. An unusual increase or decrease in enrollment.
 - b. Natural disasters.
 - c. Unusual staffing problems.
 - d. Unusual necessity for additional funds to permit continuance of a course or program which provides substantial benefit to students.
 - e. Unusual need for a new course or program which will provide substantial benefit to students, if the area school establishes the need and the amount of necessary increased cost.
 - f. Unique problems of area schools to include vandalism, civil disobedience, and other costs incurred by area schools.
2. When the school budget review committee makes a decision under subsection 1, it shall provide written notice of its decision, including all changes, to the board of directors of the area school and to the department of management.

3. All decisions by the school budget review committee under this chapter shall be made in accordance with reasonable and uniform policies which shall be consistent with this chapter,

4. Failure by an area school to provide information or appear before the school budget review committee as requested for the accomplishment of review or hearing constitutes justification for the committee to instruct the department of revenue and finance to withhold state area school aid to that

area school until the committee's inquiries are satisfied completely.

Sec. 159. NEW SECTION. 286A.15 INFORMATION FURNISHED BY ASEA SCHOOL.

Each area school shall supply to the department of management and the department of education the information required for calculation of the amount of state area school aid due each area school under the state area school funding plan. Forms for reporting information to calculate the state area school aid for a budget year shall be supplied by the department of management to each area school.

Sec. 160. NEW SECTION. 286A.16 RULES.

The department of education shall adopt rules and definitions of terms necessary for the administration of this chapter. The school budget review committee shall adopt rules under chapter 17A to carry out section 286A.14.

Sec. 161. Section 442.13, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 16. The committee shall perform the duties assigned to it under chapter 286A.

Sec. 162. Sections 257.44 and 442.44, Code Supplement 1985, and sections 292.1 and 302.13, Code 1985, are repealed.

Sec. 163. All federal grants to and the federal receipts of agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants or receipts.

Sec. 164. Moneys appropriated by this division of this Act, except sections 102 and 103 of this division, shall not be used for capital improvements.

DIVISION III

HEALTH AND HUMAN RIGHTS

Sec. 201. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, the following amount, or so much thereof as is necessary, to be used by the following agency for the purposes designated:

1986-1987
Fiscal Year

1. IOWA STATE CIVIL RIGHTS COMMISSION

For salaries and support of not more than twenty-four full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 762,129

Sec. 202. There is appropriated from the general fund of the state to the department of human rights for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. CENTRAL ADMINISTRATION DIVISION

For salaries and support of not more than four full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 116,171

2. SPANISH-SPEAKING PEOPLE DIVISION

For salaries and support of not more than one full-time equivalent position annually, maintenance, and miscellaneous purposes \$ 43,316

3. PERSONS WITH DISABILITIES DIVISION

For salaries and support of not more than three full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 96,531

4. STATUS OF WOMEN DIVISION
 For salaries and support of not more than two and eight-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 93,937

5. CEILDREN, YOUTH, AND FAMILIES DIVISION
 For salaries and support of not more than two full-time equivalent positions annually, maintenance and miscellaneous purposes \$ 68,001

It is the intent of the general assembly that the children, youth, and families division be terminated June 30, 1988.

6. DEAF SERVICES DIVISION
 For salaries and support of not more than eight and twenty-six hundredths full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 215,766

Sec. 203. There is appropriated from the general fund of the state to the department of elder affairs for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	<u>1986-1987</u>
	<u>Fiscal Year</u>
1. For salaries and support of not more than twenty-nine and five-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$ 245,601
2. For the administration of area agencies on aging	\$ 114,248

3. For the retired Iowans community employment program \$ 104,865
 4. For the older Iowans legislature \$ 12,953
 5. For the retired seniors volunteer program \$ 14,278

All of the funds appropriated under subsection 5 shall be divided equally among the programs in existence as of July 1, 1986 and shall not be used by the department for administrative purposes.

6. For the Alzheimer's disease support program \$ 70,000

All funds appropriated under subsection 6 shall be used for training and education programs for families serving as caregivers for Alzheimer's disease victims and shall not be used for administrative purposes.

7. For elderly services programs \$ 777,195

All funds appropriated under this subsection shall be received and disbursed by the director of elder affairs for the elderly services program, shall not be used for administrative purposes, and shall be used for citizens of Iowa over sixty-five years of age for chore, telephone reassurance, adult day care, and home repair services, including the winterizing of homes, and for the construction of entrance ramps which meet the requirements of section 104A.4 and make residences accessible to the physically handicapped. Funds appropriated under this subsection may be used to supplement federal funds under federal regulations. Funds appropriated under this subsection may be used for elderly services not specifically enumerated in this subsection only if approved by an area agency for provision of the service within the area.

Sec. 204. There is appropriated from the general fund of the state to the state department of public health for the

fiscal year beginning July 1, 1986, and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1986-1987
Fiscal Year

1. CENTRAL ADMINISTRATION
DIVISION

For salaries and support of not more than fifty-three and three-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 731,771

2. HEALTH PLANNING AND
DEVELOPMENT DIVISION

For salaries and support of not more than fifteen equivalent positions annually, maintenance, and miscellaneous purposes \$ 179,411

3. DISEASE PREVENTION
DIVISION

For salaries and support of not more than fifty-four and six-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 1,092,967

4. PROFESSIONAL LICENSURE

For salaries and support of not more than twelve full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 412,745

5. STATE BOARD OF DENTAL
EXAMINERS

For salaries and support of

not more than two full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 96,093

6. STATE BOARD OF MEDICAL
EXAMINERS

For salaries and support of not more than fourteen full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 574,876

7. STATE BOARD OF NURSING
EXAMINERS

For salaries and support of not more than sixteen full-time time equivalent positions annually, maintenance, and miscellaneous purposes \$ 506,774

8. STATE BOARD OF PHARMACY
EXAMINERS

For salaries and support of not more than ten full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 323,019

Professional licensure pursuant to subsection 4 and the boards pursuant to subsections 5 through 8 shall prepare estimates of projected receipts to be generated by the licensing, certification, and examination fees of each board as well as a projection of the fairly apportioned administrative costs and rental expenses attributable to each board. Each board shall annually review and adjust its schedule of fees so that, as nearly as possible, projected receipts equal projected costs.

9. PERSONAL AND FAMILY
HEALTH DIVISION

a. For salaries and support

of not more than forty-six full-time equivalent positions annually, maintenance, and miscellaneous

purposes \$ 1,510,018

The department shall allocate from the funds appropriated under this paragraph at least six hundred thousand nine hundred forty-four (600,944) dollars for the fiscal year beginning July 1, 1986, and ending June 30, 1987, for the birth defects and genetics counseling program and of these funds, thirty-nine thousand six hundred (39,600) dollars shall be allocated for a central birth defects registry program.

Of the funds appropriated in this paragraph, the following amounts shall be allocated to the university of Iowa hospitals and clinics under the control of the state board of regents for the following programs under the Iowa specialized child health care services:

- (1) Mobile and regional child health speciality clinics \$ 308,411
- (2) Muscular dystrophy and related genetic disease programs \$ 125,322
- (3) Statewide perinatal program \$ 41,635

The birth defects and genetic counseling service shall apply a sliding fee scale to determine the amount a person receiving the services is required to pay for the services. These fees shall be considered repayment receipts and used for the program.

Of the funds allocated to the mobile and regional child health speciality clinics under subparagraph 1 of this paragraph, sixty-eight thousand five hundred thirty-six (68,536) dollars shall be used for a specialized medical home care program providing care planning and coordination of community support services for children who require technical medical care in the home.

The university of Iowa hospitals and clinics shall not receive indirect costs from the funds for each program.

The department of public health shall administer the statewide maternal and child health program and the crippled children's program by conducting mobile and regional child health specialty clinics and conducting other activities to improve the health of low-income women and children and to promote the welfare of children with actual or potential handicapping conditions and chronic illnesses in accordance with the requirements of Title V of the Social Security Act.

b. Sexual abuse investigations.

For medical procedures required by section 709.10 \$ 55,014

c. Sudden infant death syndrome autopsies.

For reimbursing counties for expenses resulting from autopsies of suspected victims of sudden infant death syndrome required under section 331.802, subsection 3, paragraph "j" \$ 14,278

10. COMMUNITY HEALTH DIVISION

a. For salaries and support of not more than thirty-one and ninety-nine hundredths full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 1,562,506

The department shall allocate from the funds appropriated under this lettered paragraph eight hundred ninety-five thousand forty-one (895,041) dollars for the fiscal year beginning July 1, 1986, for the chronic renal disease program. The types of assistance to eligible recipients under the program may include hospital and medical expenses, home

dialysis supplies, insurance premiums, travel expenses, prescription and nonprescription drugs, and lodging expenses for persons in training. The program expenditures shall not exceed these allocations. If projected expenditures will exceed the allocations, the department shall establish by administrative rule a mechanism to reduce financial assistance under the renal disease program in order to keep expenditures within the allocations.

b. For grants to local boards of health for the public health nursing program \$ 2,101,259

Funds appropriated under this paragraph shall be used to maintain and expand the existing public health nursing program for elderly and low-income persons with the objective of preventing or reducing inappropriate institutionalization. The funds shall not be used for any other purpose. As used in this paragraph, "elderly person" means a person who is sixty years of age or older and "low-income person" means a person whose income and resources are below the guidelines established by the department.

One-fourth of the total amount to be allocated shall be divided so that an equal amount is available for use in each county in the state. Three-fourths of the total amount to be allocated shall be divided so that the share available for use in each county is proportionate to the number of elderly and low-income persons living in that county in relation to the total number of elderly and low-income persons living in the state.

In order to receive allocations under this paragraph, the local board of health having jurisdiction shall prepare a proposal for the use of the allocated funds available for that jurisdiction that will provide the maximum benefits of expanded public health nursing care to elderly and low-income persons in the jurisdiction. After approval of the proposal by the department, the department shall enter into a contract

with the local board of health. The local board of health shall subcontract with a nonprofit nurses' association, an independent nonprofit agency, or a suitable local governmental body to use the allocated funds to provide public health nursing care. Local boards of health shall make an effort to subcontract with agencies that are currently providing services to prevent duplication of services.

If by July 30 of each fiscal year, the department is unable to conclude contracts for use of the allocated funds in a county, the department shall consider the unused funds appropriated under this paragraph an unallocated pool. If the unallocated pool is fifty thousand dollars or more it shall be reallocated to the counties in substantially the same manner as the original allocations. The reallocated funds are available for use in those counties during the period beginning January 1 and ending June 30 of each fiscal year. If the unallocated pool is less than fifty thousand dollars, the department may allocate it to counties with demonstrated special needs for public health nursing.

The department shall maintain rules governing the expenditure of funds appropriated by paragraph "b". The rules require each local agency receiving funds to establish and use a sliding fee scale for those persons able to pay for all or a portion of the cost of the care.

The department shall annually evaluate the success of the public health nursing program. The evaluation shall include the extent to which the program reduced or prevented inappropriate institutionalization, the extent to which the program increased the availability of public health nursing care to elderly and low-income persons, and the extent of public health nursing care provided to elderly and low-income persons. The department shall submit a report of each annual evaluation to the governor and the general assembly.

c. For grants to county boards of supervisors for the homemaker-

home health aide program \$ 7,033,669

Funds appropriated under this paragraph shall be used to provide homemaker-home health aide services with emphasis on services to elderly and persons below the poverty level and children and adults in need of protective services with the objective of preventing or reducing inappropriate institutionalization. In addition, up to fifteen percent of the funds appropriated under this paragraph may be used to provide chore services. The funds shall not be used for any other purposes. As used in this paragraph:

(1) "Chore services" means services provided to individuals or families, who, due to absence, incapacity, or illness, are unable to perform certain home maintenance functions. The services include but are not limited to yard work such as mowing lawns, raking leaves, and shoveling walks; window and door maintenance such as hanging screen windows and doors, replacing window panes, and washing windows; and minor repairs to walls, floors, stairs, railings, and handles. It also includes heavy house cleaning which includes cleaning attics or basements to remove fire hazards, moving heavy furniture, extensive wall washing, floor care or painting, and trash removal.

(2) "Elderly person" means a person who is sixty years of age or older.

(3) "Homemaker-home health aide services" means services intended to enhance the capacity of household members to attain or maintain the independence of the household members and provided by trained and supervised workers to individuals or families, who, due to the absence, incapacity, or limitations of the usual homemaker, are experiencing stress or crisis. The services include but are not limited to essential shopping, housekeeping, meal preparation, child care, respite care, money management and consumer education, family management, personal services, transportation and providing information, assistance, and household management.

(4) "Low-income person" means a person whose income and resources are below the guidelines established by the department.

(5) "Protective services" means those homemaker-home health aide services intended to stabilize a child's or an adult's residential environment and relationships with relatives, caretakers, and other persons or household members in order to alleviate a situation involving abuse or neglect or to otherwise protect the child or adult from a threat of abuse or neglect.

The amount appropriated under this paragraph shall be allocated for use in the counties of the state. Fifteen percent of the amount shall be divided so that an equal amount is available for use in each county in the state. The following percentages of the remaining amount shall be allocated to each county according to that county's proportion of residents with the following demographic characteristics: sixty percent according to the number of elderly persons living in the county; twenty percent according to the number of persons below the poverty level living in the county; and twenty percent according to the number of substantiated cases of child abuse in the county during the three most recent fiscal years for which data is available.

In order to receive allocations under this paragraph, the county board of supervisors, after consultation with the local boards of health, county board of social welfare, area agency on aging advisory council, local office of the department of human services, and other in-home health care provider agencies in the jurisdiction, shall prepare a proposal for the use of the allocated funds available for that jurisdiction that will provide the maximum benefits of expanded homemaker-home health aide services to elderly and low-income persons and children and adults in-need of protective services in the jurisdiction. The proposal may provide that a maximum of fifteen percent of the allocated funds will be used to provide

chore services. The proposal shall include a statement assuring that children and adults in need of protective services are given priority for homemaker-home health aide services and that the appropriate local agencies have participated in the planning for the proposal. After approval of the proposal by the department, the department shall enter into a contract with the county board of supervisors or a governmental body designated by the county board of supervisors. The county board of supervisors or its designee shall subcontract with a nonprofit nurses' association, an independent nonprofit agency, the department of human services, or a suitable local governmental body to use the allocated funds to provide homemaker-home health aide services and chore services providing that the subcontract requires any service provided away from the home to be documented in a report available for review by the department.

If by July 30 of each fiscal year, the department is unable to conclude contracts for use of the allocated funds in a county, the department shall consider the unused funds appropriated under this paragraph an unallocated pool. The department shall also identify any allocated funds which the counties do not anticipate spending during each fiscal year. If the anticipated excess funds to any county are substantial, the department and the county may agree to return those excess funds, if the funds are other than program revenues, to the Department, and if returned, the department shall consider the returned funds a part of the unallocated pool. The department shall prior to February 15 of each fiscal year, reallocate the funds in the unallocated pool among the counties in which the department has concluded contracts under this paragraph. The department shall also review the first ten months' expenditures for each county in May of each year, to determine if any counties have contracted funds which they do not anticipate spending. If such funds are identified and the county agrees to release the funds, the released funds will be

considered a new reallocation pool. The department may, prior to June 1 of each year, reallocate funds from this new reallocation pool to those counties which have experienced a high utilization of protective service hours for children and dependent adults.

The department shall maintain rules governing the expenditure of funds appropriated by this paragraph. The rules require each local agency receiving funds to establish and use a sliding fee scale for those persons able to pay for all or a portion of the cost of the services and shall require the payments to be applied to the cost of the services. The department shall also maintain rules for standards regarding training, supervision, recordkeeping, appeals, program evaluation, cost analysis, and financial audits, and rules specifying reporting requirements.

The department shall annually evaluate the success of the homemaker-home health aide program. The evaluation shall include a description of the program and its implementation, the extent of local participation, the extent to which the program reduced or prevented inappropriate institutionalization, the extent to which the program provided or increased the availability of homemaker-home health aide services to elderly and low-income persons and children and adults in need of protective services, any problems and recommendations concerning the program, and an analysis of the costs of services across the state. The department shall submit a report of the annual evaluation to the governor and the general assembly.

d. For the development and maintenance of well-elderly clinics in the state S 205,957

11. SUBSTANCE ABUSE DIVISION

a. For salaries and support of not more than fifteen full-time equivalent positions annual-

ly, maintenance, and miscella-

neous purposes \$ 503,917

b. For program grants \$ 6,772,423

Sec. 205. The licensing boards for which general fund appropriations have been provided for in section 204, subsections 4, 5, 6, 7, and 8 of this Act may expend additional funds, if those additional expenditures are directly the cause of actual examination expenses exceeding funds budgeted for examinations. Before a licensing board included in section 204, subsections 4, 5, 6, 7, and 8 of this Act expends or encumbers an amount in excess of the funds budgeted for examinations, the director of the office of management shall approve the expenditure or encumbrance. Before approval is given, the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the board and the board does not have other funds from which examination expenses can be paid. Upon approval of the department of management the licensing board may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected as fees from additional examination applicants and shall be treated as repayment receipts as defined in section 0.2, subsection 5.

Sec. 206. It is the intent of the general assembly that the department of inspections and appeals initiate a demonstration waiver project to encourage the development of residential care facilities, which serve persons with mental retardation, chronic mental illness, and other developmental disabilities, which have five or fewer residents for persons specified in section 225C.26. The project shall be exempt from section 135.63 through June 30, 1988.

A provider may apply for a demonstration waiver from the department. Before the waiver is granted, the provider shall meet all of the requirements:

1. Compliance with program requirements pursuant to chapter 135C and administrative rules relating to residential care facilities adopted by the state board of health or standards adopted by the accreditation council for services for persons with mental retardation and other developmental disabilities. The program shall emphasize age appropriate and least restrictive programs.

2. The proposed facility shall be housing located in areas zoned for single or multiple-family housing, shall have been constructed after 1950, shall meet local housing codes and fire safety requirements in accordance with minimum procedures and subsequent rules promulgated by the state fire marshal that are in accordance with the concepts of least restriction and the applicable sections of the appendix of chapter 21 of the national fire protection association, fire safety code of 1985.

3. The proposed facility shall have appropriate accessibility for the disabilities of the proposed residents.

4. Written plans shall demonstrate that the proposed facility meets the needs of the proposed residents pursuant to individual program plans meeting age appropriate and least restrictive program requirements.

5. Written plans shall demonstrate that proposed residents will have reasonable access to employment or job-related training, education, generic community resources, and integrated opportunities to promote community interaction.

The director of the department of inspections and appeals shall appoint a temporary waiver committee not to exceed nine members, to provide monitoring of program progress and initial project approval recommendations which are subject to final approval by the director. The committee shall include but not be limited to representatives from the following interested organizations, designated by the respective organizations and appointed by the director: the association for retarded citizens of Iowa, the Iowa association of rehabilitation and

residential facilities, the developmental disabilities council, the mental health and mental retardation commission of the department of human services, the mental health association of Iowa, and the Iowa state association of counties. The state fire marshal or the fire marshal's designee shall also be a member of the committee.

The housing for persons with mental retardation, chronic mental illness, and other developmental disabilities, developed under the demonstration waiver project pursuant to this section shall be eligible for funding utilized by licensed residential care facilities for the mentally retarded, including but not limited to, the social services block grant funds, state supplementary assistance funds, state community mental health and mental retardation services funds, and county funds.

The allocation of waiver sites shall be based upon equitable distribution within the districts of the department of human services. The total number of waivers approved shall not exceed a capacity for more than two hundred twenty-five residents before July 1, 1987, unless otherwise changed by rules adopted by the state board of health to no more than four hundred by July 1, 1987. Total waiver approval for housing shall not exceed approval for more than a total of eight hundred residents before July 1, 1988.

Prior to July 1, 1988 the waiver committee shall be responsible for recommending the appropriate licensure standards to the state board of health for continuation of the project on and after July 1, 1988.

The waiver committee may recommend to the general assembly the number of full-time equivalent employees needed within the office of the state fire marshal to conduct the health and fire safety inspections of housing developed under the demonstration waiver project pursuant to this section during the fiscal year ending June 30, 1987.

Sec. 207. There is appropriated from the general fund of the state to the department of inspections and appeals for each year of the fiscal biennium beginning July 1, 1986 and ending June 30, 1988, one hundred ten thousand (110,000) dollars, or so much thereof as is necessary, for three full-time equivalent positions specifically designated to provide staff support for the demonstration waiver project.

Sec. 208. All federal grants to and federal receipts of the agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in the federal grants or receipts unless otherwise provided by the general assembly. Full-time equivalent positions funded entirely with federal funds are exempt from the limits on the number of full-time equivalent positions provided in this division of this Act, but are approved only for the period of time for which the federal funds are available for the position.

DIVISION IV
HUMAN SERVICES

Sec. 301. GENERAL ADMINISTRATION. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the department of human services for general administration, including salaries and support, maintenance, and miscellaneous purposes, the following amount, or so much thereof as is necessary:

1986-1987
Fiscal Year
\$ 5,752,032

The funds appropriated by this section include necessary amounts to continue, for the fiscal year beginning July 1, 1986, the general administration programs relating to staff training, program evaluation, and the purchase-of-local-services allocations to the counties as operated in the fiscal year beginning July 1, 1985.

Sec. 302. FIELD OPERATIONS AND VOLUNTEERS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the department of human services, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
1. For field operations, including salaries and support, maintenance, and miscellaneous purposes	\$ 21,055,632

The funds appropriated by this subsection include necessary amounts to continue, for the fiscal year beginning July 1, 1986, the purchase-of-local-services allocations to the counties and the individual education and training plan program as made and operated in the fiscal year beginning July 1, 1985.

2. For development and coordination of volunteer services	\$ 68,000
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3. For the support of protective service workers	\$ 95,000
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Sec. 303. SPECIAL PROGRAMS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the department of human services, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
1. For aid to families with dependent children	\$ 59,000,000

The funds appropriated by this subsection include necessary amounts to continue, for the fiscal year beginning July 1, 1986, the individual education and training plan program as operated in the fiscal year beginning July 1, 1985.

If the state of Minnesota receives approval of its federal waiver request involving self-employed individuals, the department shall analyze the impact of such a waiver request for Iowa's program and report the impact to the general assembly by January 15, 1987. The department shall work with other states in seeking to develop a federal waiver request for self-employed individuals.

2. For medical assistance, including reimbursement for abortion services, which shall be available under the medical assistance program only for those abortions which are medically necessary. Medically necessary abortions are those performed under any of the following conditions:

a. The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.

b. The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.

c. The pregnancy is the result of a rape which is reported within forty-five days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

d. The pregnancy is the result of incest which is reported within one hundred fifty days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the products of conception are expelled	\$128,000,000
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The funds appropriated by this subsection include necessary amounts to continue, for the fiscal year beginning July 1, 1986, the expanded medically needy program for supplemental security income-related groups as operated in the last quarter of the fiscal year beginning July 1, 1985, and to increase

provider reimbursements, for the fiscal year beginning July 1, 1986, for intermediate care facilities above the provider reimbursements for the fiscal year beginning July 1, 1985.

Of the funds appropriated by this subsection, not more than two hundred thousand (200,000) dollars may be transferred to the state department of public health for contingency state assistance for the federal women, infants, and children program in order to allow the state department of public health to fully use available federal funds under the program.

The department may expend up to one hundred twenty thousand (120,000) dollars of the funds appropriated in this subsection to continue the development and implementation of one or more health maintenance organization projects in the fiscal year beginning July 1, 1986.

The department shall explore means to make full use of veterans' benefits for those medical assistance recipients in intermediate care facilities whose current eligibility for veterans' benefits has not been established.

The department shall seek to reduce the utilization of surgical procedures with high coefficients of variation under the medical assistance program. The department may develop special utilization review efforts, physician education programs, or may mandate second opinions for selected surgical procedures in order to reduce utilization rates.

The department may continue to seek a waiver under the authority of 1984 Iowa Acts, chapter 1310, section 3, subsection 2, unnumbered paragraph 2.

If the department receives approval for a program of home and community-based services pursuant to a waiver under Title XIX of the federal Social Security Act, the program shall be funded with the appropriation made by this subsection. A county shall reimburse the department for the cost of services under the program, which is not paid from federal funds, to mentally retarded or mentally ill persons with legal settlement in the county at the same percentage which the county is

required to reimburse the state for mentally retarded or mentally ill persons receiving services at state institutions.

The department may seek a grant to study and implement alternative methods to improve financial access to medical care for Iowa's rural underinsured citizens and if approved, may expend up to one hundred fifty thousand (150,000) dollars of the funds appropriated by this subsection to match foundation moneys or private source donations.

The department may expend up to forty thousand (40,000) dollars of the appropriation made under this subsection to expand the state's drug utilization review program.

The department shall seek a federal waiver to eliminate the co-payment requirements for generic drugs.

3. For medical contracts \$ 2,290,000

The department may expend up to sixty-two thousand nine hundred (62,900) dollars of the funds appropriated in this subsection to contract for staff to further develop and implement recommendations contained in the medical assistance reimbursement study required by 1985 Iowa Acts, chapter 259, section 3, subsection 3.

4. For child support recoveries, including salary and support, maintenance, and miscellaneous purposes \$ 950,000

The commissioner of human services, within the limitations of the funds appropriated in this subsection or funds transferred from the aid to families with dependent children program for this purpose, may establish new positions and add additional employees to the child support recovery unit when the commissioner determines that both the current and additional employees together can reasonably be expected to recover for the aid to families with dependent children program and the nonpublic assistance support recovery program more than twice the amount of money required to pay the salaries and support for both the current and additional

employees. The department shall demonstrate the cost effectiveness of the current and additional employees by reporting to the human services appropriations subcommittee the ratio of the total amount of administrative costs for child support recoveries to the total amount of the child support recoveries.

5. For state supplementary assistance, including state supplementary assistance for the blind \$ 9,500,000

6. For aid to Indians under section 252.43 \$ 35,000

The tribal council shall not use more than ten percent of the funds for administrative expenses.

7. For home-based services \$ 5,219,000

a. Of the funds appropriated by this subsection, six hundred seventy-two thousand six hundred fifty (672,650) dollars, or so much thereof as is necessary, is allocated for subsidized adoptions, including the purchase of services for severely handicapped children and children in large sibling groups.

b. Of the funds appropriated by this subsection, two hundred ninety-one thousand four hundred fifty (291,450) dollars, or so much thereof as is necessary, is allocated for family planning.

c. Of the funds appropriated by this subsection, four million two hundred fifty-four thousand nine hundred (4,254,900) dollars, or so much thereof as is necessary, is allocated for family centered services.

8. For foster care \$ 24,200,000

a. The department may transfer a portion of the funds appropriated by this subsection for use in providing subsidized adoption services, if funds allocated under subsection 7 are insufficient to provide necessary subsidized adoption services.

b. No more than thirty-five percent of all children in foster care funded under Title IV, part E of the federal Social Security Act shall be in foster care for more than twenty-four months.

c. Of the funds appropriated by this subsection, forty-five thousand (45,000) dollars, or so much thereof as is necessary, is allocated for foster parent training.

d. The department may expend up to five hundred sixty thousand (560,000) dollars, or so much thereof as is necessary, of the funds appropriated by this subsection OR subsection 2 to contract for appropriate staff to develop a plan for enhancing federal funding in Title XIX, Title IV-E, third party liability and increased supplemental security income and social security disability insurance participation. The department may begin implementation, if appropriate. The director of human services shall consult with the bill of rights advisory committee, the bill of rights interim study committee and other oversight personnel in the establishment of the contract. The director shall appoint an oversight committee to provide ongoing assistance in the monitoring and oversight of the contract regarding fiscal and programatic decisions. The oversight committee shall include but not be limited to representatives of the developmental disabilities council, the association for retarded citizens of Iowa, the Iowa association of rehabilitation and residential facilities, the mental health association of Iowa, and the Iowa state association of counties, all of whom shall be selected from names submitted by their respective organizations. The director shall provide periodic updates on the contract to the legislative council and the fiscal committee of the legislative council and shall provide a progress report making recommendations regarding the contract to the general assembly not later than February 1, 1987.

e. The department shall review the contract at least quarterly relating to the expenditure of funds appropriated by

this subsection. If the department determines that a surplus exists in funds appropriated by this subsection, the department shall use the surplus funds to restore, in whole or in part, the reductions in reimbursement rates made by section 309, subsections 2 and 3, and the department may transfer funds appropriated by this subsection to accomplish the reimbursement rate restorations.

f. Of the funds appropriated by this subsection, the department may expend up to thirty thousand (30,000) dollars to contract with universities to provide ongoing research assistance into programs operated or supervised by the department involving foster care. Such contracts shall make maximum use of any matching resources from the universities with which the department contracts.

9. For community-based programs \$ 2,883,000

a. Of the funds appropriated by this subsection, one hundred twenty thousand (120,000) dollars, or so much thereof as is necessary, is allocated for displaced homemakers.

b. Of the funds appropriated by this subsection, four hundred thirty thousand (430,000) dollars, or so much thereof as is necessary, is allocated for child care center financial assistance.

Notwithstanding section 237A.13, subsection 4, funds unencumbered as of April 30, 1987, shall not be reallocated unless the unencumbered funds reclaimed exceed two thousand dollars.

Notwithstanding section 237A.18, a day care facility is eligible to receive funds if the facility serves some low-income families, even if low-income families served comprise less than a majority of total families served.

c. Of the funds appropriated by this subsection, three hundred fourteen thousand (314,000) dollars, or so much thereof as is necessary, is allocated for the child abuse prevention grant program.

d. Of the funds appropriated by this subsection, two hundred fifteen thousand (215,000) dollars, or so much thereof as is necessary is allocated for domestic abuse program grants.

e. The commissioner of human services shall pay from funds appropriated by this subsection, as the entitled aid from the state under section 232.142, subsection 4, one-half of one percent of the total cost of the establishment, improvements, operation, and maintenance of approved county or multicounty juvenile homes.

f. Of the funds appropriated by this subsection, one hundred thousand (100,000) dollars, or so much thereof as is necessary, is allocated for community-based juvenile services. These funds shall be used to reduce the need for long-term juvenile institutional and group foster care placements, and to encourage home-based treatment programs as alternatives to juvenile institutional care and group foster care. The department shall only approve grants for residential community-based services when such projects are designed to directly reduce the state juvenile institutional population or the number of children being placed in group foster care outside the state.

g. Of the funds appropriated by this subsection, five hundred forty-five thousand (545,000) dollars, or so much thereof as is necessary, is allocated for state cases.

h. Of the funds appropriated by this subsection, one million one hundred thousand (1,100,000) dollars, or so much thereof as is necessary, is allocated for protective day care.

i. Of the funds appropriated by this subsection, fifty thousand (50,000) dollars, or so much thereof as is necessary, is allocated to provide grants for the provision of essential services to children who are at risk of running away and to the children's families.

10. For county-based juvenile justice reimbursement under sec-

tion 232.141, subsection 4 \$ 2,100,000

Of the funds appropriated by this subsection, fifty thousand (50,000) dollars, or so much thereof as is necessary, is allocated to the judicial department for administrative preparations to reimburse counties for witness, transportation, and attorney fees pursuant to section 232.141 and for the development of plans for the legal representation of children before the juvenile court in each of the judicial districts.

11. To establish and maintain the registry for the brain injured \$ 17,000

12. As a condition of the appropriations made for aid to families with dependent children, medical assistance, state supplementary assistance, and foster care under subsections 1, 2, 5, and 8, the following shall apply:

a. Notwithstanding section 8.39, and except as provided in subsection 2 for the women, infants, and children program, in subsection 4 for child support recoveries, and in subsection 8, paragraph "e" for foster care, funds appropriated for aid to families with dependent children, medical assistance, state supplementary assistance, and foster care shall not be subject to transfer. Department of human services' programs shall not be modified for the purpose of transferring other funds appropriated to the department of human services into the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care accounts.

b. Except as provided in paragraph "c", the director of human services shall not modify programs funded under the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care appropriations in order to meet any projected budget shortfalls, but shall request supplemental appropriations from the general assembly to meet those shortfalls.

c. Notwithstanding the concept of allotments in section 3.31, for the purpose of any across-the-board budget

reductions ordered by the governor, the appropriations for the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care shall be deemed to include amounts needed to operate the programs for the entire fiscal year beginning July 1, 1986, under the July 1986 program guidelines and mandated subsequent changes. The across-the-board budget reductions shall be applied to the appropriations, and the estimate of revenues needed to balance the state's budget shall be made so as to operate the July 1, 1986 programs, as modified by mandated changes for the entire fiscal year.

d. Notwithstanding section 8.31, for deficit appropriations, the department shall apply the across-the-board budget reductions to the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care appropriations, and to additional anticipated needs according to the July 1, 1986 guidelines and mandated subsequent changes. For surplus appropriations, the across-the-board budget reductions shall be applied first to the surplus appropriations and then to amounts needed to maintain the July 1, 1986 programs and any mandated subsequent changes.

Sec. 304. JUVENILE AND VETERANS INSTITUTIONS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the department of human services, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
1. For the operation of the state training school and the Iowa juvenile home, including salaries and support, maintenance, and miscellaneous purposes	\$ 7,574,308

2. For operation of the Iowa veterans home, including salaries and support, maintenance, and miscellaneous purposes \$ 18,358,486

As a condition of this appropriation, the department shall open and staff twenty beds on February 15, 1987 and seventeen additional beds on April 15, 1987 for the care of residents with Alzheimer's disease.

The department may use the gifts accepted by the commissioner of human services pursuant to section 218.96 and other resources available to the department for use at the Iowa veterans home for purposes identified by the department.

Sec. 305. MENTAL HEALTH INSTITUTES. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the department of human services, for the state mental health institutes, the following amount, or so much thereof as is necessary:

1986-1987
Fiscal Year

1. For salaries and support, maintenance, and miscellaneous purposes \$ 30,954,794

2. All funds received from client participation shall be deposited in the general fund of the state.

3. The superintendents of the state mental health institutes at Cherokee and Independence, in discharging the duties imposed by section 230.20, shall not include the costs of the psychiatric residency and chaplain intern programs maintained at those institutes in computing the institutes' respective daily charges to patients.

4. A state mental health institute shall not accept physical custody of a child alleged to be a child in need of assistance, on guest status or otherwise, for more than thirty days. A child found to be a child in need of assistance shall

not be placed in a state mental health institute or other appropriate secure facility unless the juvenile court finds that the standard for voluntary admission or involuntary commitment in chapter 229 has been met. The finding may be made by the court under section 232.103 at any time prior to the expiration of a dispositional order.

5. The department shall pursue all reasonable courses of action necessary to expand the recruitment and retention of psychiatrists at the state mental health institutions. The department shall aggressively recruit psychiatrists, when necessary by sending department representatives to events and locations where psychiatrists are likely to be recruited and by taking other similar actions which have the likelihood of contributing to the recruitment of psychiatrists. The department shall continue to explore and implement, if necessary, alternative approaches to retaining psychiatrists in the state hospital system, such as special contractual arrangements, expanded staff privileges, or improved educational opportunities for the medical staff.

Sec. 306. HOSPITAL-SCHOOLS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the department of human services, for the state hospital-schools, the following amount, or so much thereof as is necessary:

1986-1987
Fiscal Year

1. For salaries and support, maintenance, and miscellaneous purposes \$ 46,969,633

2. All funds received from client participation shall be deposited in the general fund of the state.

3. The state hospital-schools' per-patient-per-day cost as determined pursuant to section 222.73 shall be billed at eighty percent for the fiscal year, except as otherwise provided by subsection 4.

4. if more than twenty percent of the cost of a patient's care is initially paid from any source other than state-appropriated funds, the amount so paid shall be subtracted from the per-patient-per-day cost of that patient's care computed pursuant to section 222.73 and the patient's county of legal settlement shall be billed for the full balance of the cost so computed.

5. In the calculation of per diem rates, charges assessed to the county shall be credited with one hundred percent of client participation for eligible medical assistance patients at the state hospital-schools.

Sec. 307. MENTAL HEALTH AND RETARDATION SERVICES FUND. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the state community mental health and mental retardation services fund established in section 225C.7, the following amount, or so much thereof as is necessary:

1986-1987
Fiscal Year
\$ 3,333,000

1. Notwithstanding section 225C.10, subsection 2, paragraph "a", subparagraph (1), counties shall indicate in their annual plan that general allocation moneys will be expended in accordance with administrative rules adopted by the mental health and mental retardation commission and will not be used for major maintenance or capital expenditure projects.

2. Notwithstanding section 225C.10, subsection 3, counties shall submit annual rather than quarterly financial and plan status reports. The annual reports shall include the services funded; the amounts expended by service and by agency; a description of the use of the funds; and the number of persons or units of service provided.

Sec. 308. BLOCK GRANT SUPPLEMENTATION. There is appropriated from the general fund of this state for the

fiscal year beginning July 1, 1986, and ending June 30, 1987, to the department of human services for supplementation of federal social services block grant funds and for allocation to the various counties for the purchase of local services and child day care services for eligible individuals, the following amount, or so much thereof as is necessary:

1986-1987
Fiscal Year
\$ 3,180,000

The funds appropriated by this section shall be allocated to the counties pursuant to the rules of the department in effect on January 1, 1985. The department shall increase the income guidelines for income eligible persons receiving services funded with federal social services block grant funds for the fiscal year beginning July 1, 1986 by the same percentage and at the same time as federal social security benefits are increased due to a recognized increase in the cost of living.

Of the funds appropriated by this section, two million six hundred ninety thousand (2,690,000) dollars shall be earmarked for the purchase of local services and four hundred ninety thousand (490,000) dollars shall be earmarked for child day care services.

A county may use up to four percent of the federal social services block grant funds and the state purchase of local services funds for the purchase of child day care services without matching the federal and state funds with local funds.

The department shall not require counties to match the state child day care services funds with local funds but shall require that the counties allocate local funds for child-day care services in an amount at least equal to the county expenditures for child day care services in the fiscal year ending June 30, 1983. The department shall reallocate state child day care services funds from counties which do not qualify for or do not utilize the funds to counties which do qualify for the funds.

If the department determines that funds earmarked under this section for child day care services will not be fully expended, the department may increase the income guidelines in order to provide for the expenditure of all funds earmarked under this section for child day care services.

The department may develop and implement a pilot project establishing a prospective payment system for purchase of service providers in no more than two departmental districts.

Sec. 309. REIMBURSEMENT RATES.

1. Except as provided in paragraphs "a", "b", "c", "d", and "e", and except for medical assistance services provided to recipients in state mental health institutes and the veterans home, rural health clinic services, intermediate care facilities services for the mentally retarded, and the material costs of products which are reimbursed at the acquisition cost, the reimbursement and per diem rates for medical assistance providers for the fiscal year beginning July 1, 1986, shall be limited to the reimbursement and per diem rates for the providers in effect on June 30, 1985.

a. Medical assistance payments for all mandatory and optional services, except for hospital services, physician services, skilled nursing facility services, intermediate care facility services, intermediate care facility services for the mentally retarded, services provided to recipients in state mental health institutes, rural health clinic services, medical transportation services other than ambulance services, and the material costs of products which are reimbursed at the acquisition cost, shall be reduced by a factor of two and one-half percent.

b. A continued reduction of three and eighty-five hundredths percent shall be applied to medical assistance payments for all mandatory and optional services, except for skilled nursing facility services, intermediate care facility services, intermediate care facility services for the mentally retarded, services provided to recipients in state mental

health institutes and the veterans home, rural health clinic services, medical transportation services other than ambulance services, and the material costs of products which are reimbursed at the acquisition cost.

c. For the fiscal year beginning July 1, 1986, the incentive and inflation factors shall be reinstated as in place on July 1, 1985. Beginning July 1, 1986, the basis for establishing the maximum medical assistance rate for intermediate care facilities shall be the fifty-fifth percentile of all facility per diems as calculated from the June 30, 1986, unaudited compilation of financial and statistical reports.

d. Beginning July 1, 1986, the professional fee for pharmacies shall continue to be reduced by five and twenty-one hundredths percent until the department establishes a new reimbursement system for drug products based on estimates of actual acquisition costs. The department shall establish by October 1, 1986, unless disapproved by the United States department of health and human services, a new reimbursement system for drug products based on estimates of actual acquisition costs derived from data obtained from the department's survey of drug product costs and professional fees. The department shall adjust the maximum allowable professional fee to reflect the change in the reimbursement system from average wholesale price reimbursement to actual acquisition cost reimbursement. However, the adjustment in the professional fee shall not exceed the professional fee which represents the seventy-fifth percentile of fees charged to the private paying public by pharmacies in this state. Beginning on the date the new reimbursement system is implemented, the professional fees shall be reduced by three and eighty-five hundredths percent rather than by five and twenty-one hundredths percent.

e. For the fiscal year beginning July 1, 1986, skilled nursing facility payment rates shall be increased by four and

three-tenths percent and rural health clinic rates shall be increased in accordance with increases under the federal medicare program, pursuant to Title XVIII of the federal Social Security Act.

2. For the fiscal year beginning July 1, 1986, reimbursement limits for residential care facilities shall remain in effect as established for the fiscal year which began July 1, 1985. For the fiscal year beginning July 1, 1986, state supplementary assistance payments for recipients in residential care facilities and recipients receiving in-home health-related care shall be reduced by a factor of three and eighty-five hundredths percent.

3. For the fiscal year beginning July 1, 1986, maximum rates for providers of social services shall remain in effect as established for the fiscal year which began July 1, 1985. For the fiscal year beginning July 1, 1986, the following purchase-of-service providers, at their own option, shall have either their rates or invoices reduced by the following percentages: state cases, three and eighty-five hundredths percent; protective day care, two and thirty-three hundredths percent; family-centered services, three and eighty-five hundredths percent; family planning, two and fifteen hundredths percent; foster group care, two and seventy hundredths percent; subsidized adoption, two and seventy hundredths percent; foster family care, two and seventy hundredths percent; and local purchase, ninety-three hundredths percent.

Sec. 310. ASSISTANCE TO GAMBLERS. The department shall use funds deposited in the gamblers assistance fund established in section 99E.10 only for programs to assist gamblers. Any unspent funds shall remain in the fund and shall not be transferred or reverted to the general fund.

Sec. 311. EMPLOYEE DAMAGE REIMBURSEMENTS. Notwithstanding the dollar limitation in section 217.23, subsection 2, the department may reimburse an employee under that section an

amount up to one hundred fifty dollars for each item damaged or destroyed.

Sec. 312. SLIDING-FEE PAYMENT SCHEDULES FOR CHILDREN'S SERVICES. The department shall study the feasibility of establishing sliding-fee payment schedules for all services provided by the department to children and their families. The payment schedules shall be based on the ability of the children's parents, guardians, or custodians to pay for the services, the nature of the services, and other relevant factors. The department shall report its findings to the general assembly by January 15, 1987. The department may implement by administrative rule during the fiscal year beginning July 1, 1986 one or more sliding-fee payment schedules for services provided to children and their families.

Sec. 313. ADMINISTRATIVE RULES INTERIM STUDY -- DEPARTMENT OF HUMAN SERVICES AND DEPARTMENT OF PUBLIC HEALTH. The legislative council shall create an interim study committee to review all the administrative rules of the department of human services and of the department of public health, other than rules relating to substance abuse programs. The committee shall be composed of two senators, one appointed by the majority leader of the senate and one appointed by the minority leader of the senate, two representatives, one appointed by the speaker of the house of representatives and one appointed by the minority leader of the house of representatives, the administrative rules coordinator, two representatives of the department of human services appointed by the director of the department, two representatives of the department of public health appointed by the director of the department, and representatives of providers and provider groups appointed by the legislative council, which are regulated or reimbursed in some manner by the department of human services or the department of public health. The committee shall identify burdensome and unnecessary

administrative rules and shall make recommendations, which would not have a negative impact on departmental clients, concerning the retention, modification, or rescission of the departments' administrative rules.

Sec. 314. RULES. The department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", relating to subsidized adoption services in section 303, subsection 7, paragraph "a" of this Act, county-based juvenile justice reimbursements in section 303, subsection 10 of this Act, supplementation of federal social services block grant funds in section 308 of this Act, and reimbursements in section 309 of this Act, and the rules shall become effective immediately upon filing, unless a later effective date is specified in the rules.

Sec. 315. NEW SECTION. 225C.22 CENTRAL REGISTRY FOR BRAIN INJURIES.

1. As used in this section, "brain injury" means clinically evident brain damage resulting directly or indirectly from trauma, infection, anoxia, or vascular lesions not primarily related to degenerative or aging processes, which temporarily or permanently impairs a person's physical or cognitive functions.

2. The director shall establish and maintain a central registry of persons with brain injuries in order to facilitate the provision of appropriate rehabilitative services to the persons by the department and other state agencies. Hospitals and attending physicians shall report a brain injury to the director within seven days after identification of the person sustaining a brain injury. The report shall contain the name, age and residence of the person, the date and cause of the brain injury, and additional information as the director requires. The department shall maintain the confidentiality of all information which would identify any person named in a report. However, the identifying information may be released

for bona fide research purposes if the confidentiality of the identifying information is maintained by the researchers, or the identifying information may be released by the person with the brain injury or by the person's guardian or, if the person is a minor, by the person's parent.

Sec. 316. Chapter 252B, Code 1985, is amended by adding the following new sections:

NEW SECTION. 252B.13 COLLECTION SERVICES CENTER.

The department shall establish within the unit a collection services center for the receipt and disbursement of all support payments as defined in section 598.1. The judicial department and the department of human services shall cooperate in the establishment of the center which will receive and disburse support payments.

NEW SECTION. 2528.14 SUPPORT PAYMENTS -- CLERK OF COURT -- COLLECTION SERVICES CENTER -- DEFAULTS -- SECURITY.

Sections 2528.13 through 2528.17 apply to all initial or modified orders for support entered under this chapter, chapter 234, 252A, 252C, 675, or any other chapter of the Code. All orders or judgments for support entered on or before March 31, 1987, shall direct the payment of such sums to the clerk of the district court for the use of the person for whom the payments have been awarded. All orders or judgments for support entered on or after April 1, 1987, shall direct the payment of such sums to the collection services center established pursuant to section 252B.13. Payments to persons other than the clerk of the district court and the collection services center do not satisfy the support obligations created by such orders or judgments, except as provided for trusts in sections 252D.1, 598.22, 598.23 or for tax refunds or rebates in section 602.8102, subsection 47.

NEW SECTION. 252B.15 TRANSFER OF INFORMATION AND SUPPORT ORDERS.

The clerks of the district court shall transmit information regarding any order of support which is entered or modified on

or after April 1, 1987 and a copy of the support order, if appropriate, to the collection services center no later than ten days after the order is entered. Where possible the transmission of data between the courts and the center shall be accomplished by electronic data transmission. Otherwise the transmission shall be accomplished by the transfer of notices, abstracts of orders and other documents. The form and content of the transmissions shall be prescribed by the department of human services after consultation with the judicial department.

NEW SECTION. 2528.16 CONVERSION -- PROCESSING OF SUPPORT PAYMENTS.

For existing orders of support entered before April 1, 1987, which direct the payments of support to the clerk of the district court, the following procedure shall be implemented to convert the processing of those payments to the collection services center on or before April 1, 1988:

1. The department of human services and the judicial department shall establish a mutually agreed effective date, between April 1, 1987 and April 1, 1988, to effectuate the transfer of these functions from each clerk of the district court to the collection services center. The department shall cause to be published in the administrative bulletin a cumulative list of effective dates by county, once agreed upon and determined, which list shall be final and inclusive of all counties on the next date of publication subsequent to April 1, 1988.

2. In addition, for orders of support entered before April 1, 1987, the judicial department or the child support recovery unit shall notify the payee and the obligor that the obligor will be directed to pay future support payments to the collection services center as of the date provided in the notice. The notice to the obligor shall be equivalent of a court order directing the payment of the sums to the collection services center.

3. The notice of the change in the direction of payments shall be sent by ordinary mail to the payee's and the obligor's last known addresses or the persons shall be personally served with the notice in the manner provided for service of an original notice at least fifteen days prior to the date provided in the notice for the redirection of the payments. The notice shall include the following:

a. The name of the payee and, if different in whole or part, the names of the persons to whom the obligation of support is owed by the obligor.

b. The name of the obligor.

c. The amount of the periodic support payment, the due dates of the payments and any arrearages, and

d. The beginning date for sending payments to the collection services center.

4. Sixty days prior to the mutually agreed effective date in subsection 1, the clerk of the district court shall transfer to the collection services center information regarding all existing orders of support which direct the payment of support to the clerk of the district court. The form and content of the transfer shall be prescribed by the department after consultation with the judicial department but at a minimum shall include the data elements required for the notice in subsection 3.

5. On or after the mutually agreed effective date in subsection 1, but in any event not later than April 1, 1988, any payments received by the clerk of the district court for support or for the satisfaction of arrearages shall be sent by the clerk to the address specified by the collection services center within ten days of receipt of the payments.

NEW SECTION. 252B.17 ADMISSIBILITY AND IDENTIFICATION OF SUPPORT PAYMENT RECORDS.

Copies of support payment records maintained by the collection services center, when certified over the signature of a designated employee of the center, shall be considered to

be satisfactorily identified and shall be admitted in any proceeding as prima facie evidence of the transactions. Additional proof of the official character of the person certifying the record or the authenticity of the person's signature shall not be required. Whenever an employee of the collection services center is served with a summons, subpoena, subpoena duces tecum, or order directing that person to produce such records, the employee may comply by transmitting a copy of the payment records certified as described above to the clerk of the district court.

Sec. 317. Section 252D.1, subsection 2, Code Supplement 1985, is amended by striking the subsection.

Sec. 318. NEW SECTION. 252D.6 ADMINISTRATION OF WAGE WITHHOLDING PROCEDURES.

The collection services center, established pursuant to section 2525.13, is designated as the public agency of the state to administer wage withholding in accordance with procedure specified for keeping adequate records to document, track and monitor support payments in accordance with Title IV-D of the United States Social Security Act.

Sec. 319. Section 598.22, unnumbered paragraph 1, Code Supplement 1985, is amended by striking the paragraph and inserting the following-

This section applies to all initial or modified orders for support entered under this chapter, chapter 234, 252A, 252C, 675, or any other chapter of the Code. All orders or judgments for support entered on or before March 31, 1987, shall direct the payment of those sums to the clerk of the district court for the use of the person for whom the payments have been awarded. All orders or judgments for support entered on or after April 1, 1987, shall direct the payment of those sums to the collection services center established pursuant to section 2525.13. Payments to persons other than the clerk of the district court and the collection services center do not satisfy the support obligations created by the

orders or judgments, except as provided for trusts in section 252D.1, 598.23, or this section or for tax refunds or rebates in section 602.8102, subsection 47.

Sec. 320. Section 598.22, unnumbered paragraphs 2, 3, and 4, Code Supplement 1985, are amended to read as follows:

Upon a finding of previous failure to pay child support, the court may order the person obligated for permanent child support to make an assignment of periodic earnings or trust income to the clerk of court or the collection services center established pursuant to section 2528.13 for the use of the person for whom the assignment is ordered. The assignment of earnings ordered by the court shall not exceed the amounts set forth in 15 U.S.C. § 1673(b)(1982). The assignment is binding on the employer, trustee, or other payor of the funds two weeks after service upon that person of notice that the assignment has been made. The payor shall withhold from the earnings or trust income payable to the person obligated the amount specified in the assignment and shall transmit the payments to the clerk or the collection services center, as appropriate. However, for trusts governed by the federal Retirement Equity Act of 1984, Pub. L. No. 98-397, the payor shall transmit the payments to the alternate payee in accordance with the federal Act. The payor may deduct from each payment a sum not exceeding two dollars as a reimbursement for costs. An employer who dismisses an employee due to the entry of an assignment order commits a simple misdemeanor.

An order or judgment entered by the court for temporary or permanent support or for an assignment shall be filed with the clerk. The orders have the same force and effect as judgments when entered in the judgment docket and lien index and are records open to the public. The clerk or the collection services center, as appropriate, shall disburse the payments received pursuant to the orders or judgments within five working days of the receipt of the payments. All . . .

Fiscal Year

received or disbursed under this section shall be entered in a record book kept by the clerk, or the collection services center, as appropriate, which shall be open to the public. The clerk or the collection services center shall not enter any moneys paid in the record book if not paid directly to the clerk or the center, as appropriate, except as provided for trusts in section 252D.1, 598.23 or this section or for tax refunds or rebates in section 602.8102, subsection 47.

If the sums ordered to be paid in a support payment order are not paid to the clerk or the collection services center, as appropriate, at the time provided in the order or judgment, the clerk or the collection services center, as appropriate, shall certify a default to the court which may, on its own motion, proceed as provided in section 598.23.

Sec. 321. FEDERAL RECEIPTS. All federal grants to and the federal receipts of the department of human services are appropriated for the purposes set forth in the federal grants or receipts. The veterans per diem payable for veterans at the veterans home and funds received under Title XIX of the federal Social Security Act by the state mental health institutes and state hospital-schools shall be deposited in the general fund.

Sec. 322. CAPITAL EXPENDITURES EXCLUDED. Funds appropriated by this division of this Act shall not be used for capital acquisitions or improvements.

Sec. 323. Section 317 of this Act is effective April 1, 1988.

DIVISION V
JUSTICE SYSTEM

Sec. 401. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of corrections the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1986-1987

1. For operation of adult correctional institutions, including salaries and support, maintenance, and miscellaneous purposes, provided that the director of corrections, in order to keep expenditures from exceeding the amount of funds appropriated by this section, shall declare a prison overcrowding state of emergency in the state's prisons when the population of the prison system exceeds two thousand six hundred forty-five inmates for sixty consecutive days. Upon the declaration of a prison overcrowding state of emergency, the board of parole shall consider all inmates, except for inmates convicted of class "A" felonies, for parole who are within nine months of their tentative discharge date. If the board of parole's actions do not reduce the population of the prison system below two thousand six hundred twenty inmates within ninety days of the date of the declaration of the prison overcrowding state of emergency, the tentative discharge dates of all inmates, whose most serious offenses for which the inmates are currently

incarcerated are crimes against property and who are incarcerated in state prisons on the date of the declaration, shall be reduced by ninety days by the director of corrections. However, the tentative discharge date of a prisoner sentenced under section 204.406, 204.413, 902.7, 902.8, or 906.5 shall not be reduced under this section prior to completion of the mandatory minimum sentence required by the section. The director of corrections shall terminate a prison overcrowding state of emergency in the state's prisons when the population of the prison system is reduced below two thousand six hundred twenty inmates. The department shall adopt administrative rules which identify all offenses as either crimes against property or crimes against persons. As used in this section, "prison" means a correctional facility operated by the department of corrections and funded under this section, "prison system" means the prisons of this state which are the Iowa correctional institution for women, the Iowa state man's reformatory, the Iowa

state penitentiary, the Iowa medical and classification facility, the north central correctional facility, the Mount Pleasant correctional facility, the Clarinda correctional treatment facility, the correctional release center, and the rehabilitation camps, excluding the Luster Heights honor camp and facilities established under section 402, subsection 2 of this Act for treatment of OWI offenders; and "tentative discharge date" means the date at which an inmate is scheduled for release including good conduct and work time currently received. However, offenders for whom the board of parole has authorized parole, but for whom the director has determined that inadequate parole plans have been formulated, may remain within the correctional institution for a period of ten days following parole authorization or until adequate parole plans have been developed, whichever date is sooner. During this period of time, the offender shall not be included in the list of names used to determine the existence of a prison overcrowding emergency. On and after July 1, 1986,

the superintendent shall not admit additional inmates to the medium security facility of the men's reformatory at Anamosa if the inmate population of the men's reformatory equals or exceeds eight hundred and fifty inmates \$ 50,094,227

2. For the planting and care of fruit trees at correctional institutions, the unobligated or unencumbered balance of which shall not revert as provided in section 8.33 \$ 9,973

The department of corrections shall report to the legislative fiscal bureau on a monthly basis the current expenditures of the department's various allocations with a comparison of actual to budgeted expenditures.

Sec. 402. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of corrections the following amounts, or so much thereof as is necessary, for the programs as designated:

1986-1987
Fiscal Year

1. For general administration, including salaries and support, maintenance, and miscellaneous purposes \$ 1,396,552

2. For salaries, support, and maintenance related to providing additional residential bed space for use in treating substance abuse problems of persons convicted of violating section 321.281 who are sentenced

to the custody of the department of corrections 5 833,006

The funds appropriated under this subsection shall be allocated and expended for the purpose and subject to the conditions specified in paragraphs "a" through "d".

a. The department of corrections, not later than October 1, 1986, shall establish in each judicial district bed space for the confinement and treatment of offenders convicted of violating section 321.281 (OWI) who are sentenced to the custody of the department of corrections. Prior to establishing any facilities, the department shall solicit bids from all interested parties. It is the intent of the general assembly that OWI offenders who are sentenced to the custody of the department of corrections shall first be assigned to the Iowa medical and classification facility at Oakdale for classification. Notwithstanding any contrary provision of law, the OWI offenders after classification may be assigned to a residential facility operated by any judicial district department of correctional services.

b. The department of corrections shall allocate the funds appropriated under this subsection to the judicial district departments of correctional services upon approval of a written agreement by each judicial district department with the department of corrections. The agreement shall specify the number of beds to be operated, the substance abuse treatment programming to be provided, and whether the beds will be sited in a new facility, in a remodeled existing facility, or in a residential correctional facility currently in use. In developing the allocations, the department of corrections shall pattern the budget of any new residential facility upon the budgets of existing work release facilities.

c. The department of corrections shall adopt rules concerning standards for the residential facilities offering substance abuse programs for OWI offenders. The department of corrections and the division of substance abuse of the

department of public health shall annually review the facilities to ensure compliance with the program standards and licensing standards of the respective state departments. If a facility does not meet these standards, the department of corrections shall follow the process to correct deficiencies or assume administrative control in the same manner as specified in section 905.9.

d. The judicial district departments of correctional services shall offer employment counseling services to OWI offenders who are receiving substance abuse treatment. While in a residential facility operated by a district department, each OWI offender shall be charged a daily fee, but services shall not be denied because of an inability to pay this fee.

3. For salaries,, support and maintenance related to the establishment of an alcohol and drug treatment facility, licensed by the division of substance abuse of the department of public health, at a correctional institution chosen by the department of corrections \$ 63,529

4. For reimbursement of counties for temporary confinement of work release and parole violators, as provided in sections 247A.10, 901.7, and 906.17 \$ 68,298

5. For federal prison reimbursement and miscellaneous contracts \$ 355,720

The department of corrections shall use funds appropriated in this subsection to continue to contract for the services of a Muslim imam.

6. For salaries, support, maintenance, and miscellaneous purposes at the correctional training center

at Mount Pleasant \$ 308,557

7. For salaries, support, maintenance, and miscellaneous purposes for jail inspectors as provided in section 356.43 \$ 75,204

Sec. 403. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of corrections the sum of sixteen million four hundred ninety-five thousand nine hundred ten (16,495,910) dollars, or so much thereof as is necessary, for preinstitutional and postconviction community-based corrections, halfway houses, and parole services.

Sec. 404. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the board of parole, the sum of four hundred sixty-one thousand seven hundred fifty-nine (461,759) dollars, or so much thereof as is necessary, for salaries, support and miscellaneous purposes.

Sec. 405. There is appropriated from the general fund of the state to the following named agency for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1986-1987
Fiscal Year

DEPARTMENT OF JUSTICE

1. For the general office of attorney general for salaries, support, maintenance, and miscellaneous purposes \$ 3,001,847

2. In addition to the funds appropriated under subsection 1, there is appropriated from the general fund of the state to the department of justice for the fiscal year beginning July 1, 1986 and ending June 30, 1987, an amount not exceeding ninety-five thousand (95,000) dollars to be used for the

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enforcement of the Iowa competition law under chapter 553. The expenditure of the funds appropriated under this subsection is contingent upon receipt by the general fund of the state of an amount at least equal to either the expenditures from damages awarded to the state or a political subdivision of the state by a civil judgment under chapter 553, if the judgment authorizes the use of the award for enforcement purposes or costs or attorney fees awarded the state in state or federal antitrust actions.

3. In addition to the funds appropriated under subsection 1, there is appropriated from the general fund of the state to the department of justice for the fiscal year beginning July 1, 1986 and ending June 30, 1987, an amount not exceeding fifty thousand (50,000) dollars to be used for public education relating to consumer fraud and for enforcement of section 714.16. The expenditure of the funds appropriated under this paragraph is contingent upon receipt by the general fund of the state of an amount at least equal to the expenditures from damages awarded to the state or a political subdivision of the state by a civil consumer fraud judgment, if the judgment authorizes the use of the award for public education on consumer fraud. Funds received in a previous fiscal year which have not been expended shall be credited to this fiscal year.

4. Prosecuting attorney training program for salaries, support, maintenance and miscellaneous purposes which funds shall be used to attract federal and county funding \$ 78,742

5. Prosecuting intern program; however, counties participating in the prosecuting intern program shall match funds appropriated by this

paragraph \$ 48,308
6. For payment of grants to dispute resolution programs under the prosecuting attorney training program \$ 50,000

Sec. 406. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the judicial department, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

1986-1987
Fiscal Year

COURTS AND ADMINISTRATION

For salaries of supreme court justices, appellate court judges, district court judges, district associate judges, judicial magistrates and staff, court administrator, clerk of the supreme court, district court administrators, board of law examiners and board of examiners of shorthand reporters and judicial qualifications commission, maintenance, equipment and miscellaneous purposes, including implementation of court reorganization according to provisions of 1983 Iowa Acts, chapter 186, section 10301 \$ 51,445,266

It is the intent of the general assembly that the counties be aware that the state may delay the schedule of state assumption of responsibility for the fiscal year beginning July 1, 1987. If the state is unable to fully assume the 1987-1988 fiscal year component of the court system, the chairpersons of the house and senate committees on

appropriations shall notify the supreme court and the counties of this possible delay by no later than February 15, 1987.

Sec. 407. 1985 Iowa Acts, chapter 253, section 2, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. **j.** The collective bargaining agreements negotiated pursuant to chapter 20 for employees in the bargaining units of the judicial department.

Sec. 408. There is appropriated from the general fund of the state to the department of public safety for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used for funding the following functions and programs for the purposes designated:

	<u>1986-1987</u> <u>Fiscal Year</u>
DEPARTMENT OF PUBLIC SAFETY	
1. ADMINISTRATIVE FUNCTION	
a. For salaries, support, maintenance, and miscellaneous purposes of the department and the criminal justice information system	\$ 1,697,542
b. For salaries, support, maintenance and miscellaneous purposes relating to radio communication	\$ 2,482,592
c. For salaries, support, maintenance, and miscellaneous purposes of the victim compensation program	\$ 40,810

When the department of transportation revokes a person's license or operating privilege under chapter 321B, the department shall assess the person a civil penalty of one hundred dollars. A separate fund is created in the state treasury. The money collected by the department under this

paragraph shall be transmitted to the treasurer of state who shall deposit the money in the fund to be used for the purposes of chapter 912. Any balance in this fund on June 30 of any fiscal year exceeding fifty thousand dollars shall revert to the general fund of the state. A temporary restricted license shall not be issued or a license or privilege to drive reinstated until the civil penalty has been paid.

2. INSPECTION FUNCTION

For salaries, support, maintenance, and miscellaneous purposes of fire marshal's inspections, administration of the state building code, arson investigators including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of sixteen percent of the salaries for which the funds are appropriated

\$ 1,023,634

3. SECURITY FUNCTION

For salaries, support, maintenance, and miscellaneous purposes of the capitol security division

\$ 688,452

4. INVESTIGATION FUNCTION

a. For salaries, support, maintenance, and miscellaneous purposes, including lease or lease purchase of laboratory equipment, of the division of criminal investigation containing the bureaus of identification, drug

law enforcement, and beer and liquor law enforcement, including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of sixteen percent of the salaries for which the funds are appropriated \$ 4,658,508

b. For undercover purchases by the division of criminal investigation agents and local law enforcement agents \$ 189,816

c. For salaries, support, maintenance, and miscellaneous purposes for the employment of pari-mutuel law enforcement agents, including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of sixteen percent of the salaries for which the funds are appropriated \$ 220,186

It is the intent of the general assembly that the division of criminal investigation of the department of public safety shall not purchase more than five motor vehicles of the same make or model based upon specifications submitted by the department.

An employee of the department of public safety or the department of natural resources or their successor agencies who retires after the effective date of this Act is eligible for payment of life or health insurance premiums as provided for in the collective bargaining agreement covering the public

safety bargaining unit at the time of retirement if that employee previously served in a position which would have been covered by that agreement. The employee shall be given credit for the service in that prior position as though it was covered by that agreement. This section shall not operate to reduce any retirement benefits an employee may have earned under other collective bargaining agreements or retirement programs.

5. STATE MEDICAL EXAMINER

For salaries, support, maintenance, and miscellaneous purposes \$ 28,473

If the department of public safety uses funds appropriated for one purpose for other purposes within the scope of the department as provided in section 8.39, the department shall notify, at least two weeks prior to the transfer, in addition to those persons provided in section 8.39, each of the members of the justice system appropriations subcommittees of the senate and house of representatives regarding the transfer.

Sec. 409. There is appropriated from the road use tax fund to the department of public safety for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amount, or so much thereof as is necessary, to be used as follows :

DIVISION OF HIGHWAY SAFETY AND UNIFORMED FORCE

1. For salaries, support, maintenance, and miscellaneous purposes including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of sixteen percent of the salaries for which the funds are appropriated and for funding not to exceed four-

teen community service officers, one in each state patrol district, and a statewide coordinator, provided that an amount net to exceed twenty thousand dollars shall be spent upon expenses related to administering federal funds for highway safety, and provided that the governor authorizes the commissioner of public safety, pursuant to section 7.15, to accept and expend funds provided by any Act of Congress for highway safety, and designates the department of public safety to administer these funds \$ 17,174,415

However, the unfunded liability of the peace officers' retirement, accident, and disability system, as of July 1, 1986, shall not be considered a liability of the road use tax fund.

2. In addition to the complement of not to exceed four hundred ten persons, not more than eight additional persons shall be appointed to serve as members of the highway safety patrol for the period beginning July 1, 1986 and ending June 30, 1987, subject to available federal funding. The additional members of the highway safety patrol appointed to serve under this subsection shall be totally funded through the use of federal funds.

Sec. 410. There is appropriated from the road use tax fund to the department of public safety for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of one million one hundred three thousand seven hundred (1,103,700) dollars, or so much thereof as is necessary, to be distributed to supplement other funds appropriated by the general assembly to the division of highway safety and uniformed force to fund the annual pay adjustments, expense reimbursement and benefits not in conflict with the Code for

public officials and employees as authorized by 1985 Iowa Acts, chapter 253.

Sec. 411. There is appropriated from the general fund of the state to the Iowa law enforcement academy for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of six hundred seventy-two thousand two hundred forty-two (672,242) dollars, or so much thereof as is necessary, for salaries, support, maintenance, and miscellaneous purposes.

Notwithstanding section 80B.11, subsection 5, during the fiscal year beginning July 1, 1986, not more than one-half of the cost of providing cognitive and psychological examinations of law enforcement officer candidates may be charged to the candidates taking the examinations by the Iowa law enforcement academy. However, no charge shall be made to officer candidates being tested on behalf of state agencies.

The Iowa law enforcement academy may also charge each law enforcement officer not more than one-half of the cost of providing the ten-week course which is designed to meet the minimum basic training requirements for a law enforcement officer. However, a charge shall not be made to officers employed by state agencies.

Sec. 412. There is appropriated from the general fund of the state to the Iowa law enforcement academy for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of twenty-three thousand five hundred eighty-six (23,586) dollars, or so much thereof as is necessary, for jailer training and technical assistance.

Sec. 413. There is appropriated from the general fund of the state to the department of justice two hundred fifty thousand (250,000) dollars for the fiscal year beginning July 1, 1986 and ending June 30, 1987, for the legal assistance for farmers program administered by the farm crisis program coordinator. The amounts appropriated under this section are not subject to section 8.33.

Sec. 414. There is appropriated from the general fund of the state to the department of justice the sum of one hundred thousand (100,000) dollars for the fiscal year beginning July 1, 1986 and ending June 30, 1987, for the administrative costs of the farm mediation service administered by the farm crisis program coordinator. The amounts appropriated under this section are not subject to section 8.33.

Sac. 415. 1985 Iowa Acts, chapter 254, section 1, subsection 2, paragraph b, is amended to read as follows:

b. For the fiscal year beginning July 1, 1986 \$ ~~887,388~~
1,187,188

Sec. 416. 1985 Iowa Acts. chapter 254, section 1, subsection 3, paragraph b, is amended by striking paragraph b.

Sec. 417. All federal grants to and the federal receipts of agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants or receipts.

DIVISION VI
NATURAL RESOURCES

Sec. 501. DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP. There is appropriated from the general fund of the state and the trust funds indicated to the department of agriculture and land stewardship for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1986-1987
Fiscal Year

1. GENERAL ADMINISTRATION

a. From the general fund for salaries, support, maintenance, and miscellaneous purposes \$ 1,385,409

b. From the fertilizer fund to be transferred to the administration divi-

sion \$ 43,387

c. From the dairy trade practice fund to be transferred to the administration division \$ 73,614

d. From the commercial feed fund to be transferred to the administration division \$ 43,389

e. Of the amount appropriated from the general fund of the state under paragraph "a" of this subsection, three hundred forty thousand nine hundred sixty-six (340,966) dollars shall be allocated to the horticultural division for the following purposes:

1986-1987
Fiscal Year

(1) Farmers market development program

For salaries, support, maintenance, and miscellaneous purposes \$ 95,490

It is the intent of this appropriation that the position of farmers market manager, who would work on organizing, developing, and operating a full-time metropolitan farmers market in Iowa, and the position of farmers market specialist, who would provide assistance in areas around the state which desire to upgrade or develop a local farmers market, be established, and that support staff be provided for the program. These funds may be utilized to obtain matching federal grants.

(2) Centralized facilities development program

For salaries, support, maintenance, and miscellaneous purposes \$ 99,995

It is the intent of this appropriation that two agricultural economic development specialist positions, who

would work within the community structure in developing and coordinating the overall local centralized facilities plan, assist in pulling together financing mechanisms for the capital investments necessary for centralized facility development, and work with localized grower groups to establish and expand their markets, be established, and that support staff be provided for the program. These funds may be utilized to obtain matching federal grants.

(3) Electronic marketing program

For salaries, support, maintenance, and miscellaneous purposes \$ 44,872

It is the intent of this appropriation that the position of horticultural market specialist be retained and the program continued and expanded to develop working relationships with contacts at regional terminal markets, to integrate in-state market trading prices, to develop hookups at centralized marketing facilities within Iowa, and to update and expand the existing data base on buyers, growers, and market prices. These funds may be utilized to obtain matching federal grants.

(4) Alternative agricultural products market evaluation program

For salaries, support, maintenance, and miscellaneous purposes \$ 50,606

It is the intent of this appropriation that the position of agricultural diversification administrator be maintained and that the administrator shall work with other departments of agriculture, other state departments, universities, and individual entrepreneurs in order to identify market outlets, market demand, and potential areas for future economic growth, and to identify constraints that need to be overcome in order for Iowa producers to participate in the market. These funds may be utilized to obtain matching federal grants.

(5) Marketing promotions pro-

gram

For salaries, support, maintenance, and miscellaneous purposes \$ 50,003

It is the intent of this appropriation that the division work with other state departments, and with businesses and producers on promotional and consumer awareness activities, encouraging the purchase of Iowa grown products encompassed in the agricultural diversification program. These funds may be utilized to obtain matching federal grants.

f. The department of agriculture and land stewardship shall establish annual subscription fees for the regular and periodic publications of the department. Fees collected from subscribers shall be deposited in the general fund of the state.

It is the intent of the general assembly that the department of agriculture and land stewardship continue the agricultural diversification program.

2. REGULATORY DIVISION

From the general fund for salaries, support, maintenance, and miscellaneous purposes \$ 3,420,635

3. INDEMNITY FUND AND ESCROW.

From the general fund of the state as an advance for administration of the indemnity fund and escrow provision created by the 1986 Iowa Acts, Senate File 2116, for not more than five full-time equivalent positions \$ 100,000

It is a condition of the funds appropriated by this subsection that the general fund be reimbursed from the interest accruing to the indemnity fund, no later than June 30, 1987, for the advance made by this subsection. Notwithstanding 1986 Iowa Acts, Senate File 2116, section 33, only interest accruing to the indemnity fund may be used for

administration costs of the indemnity fund. In addition, interest accruing to the indemnity fund may be used for the expenses of administration of the escrow provision, subject to the approval of the Iowa grain indemnity fund board, notwithstanding 1986 Iowa Acts, Senate File 2116, section 33.

4. LABORATORY DIVISION

a. From the general fund for salaries, support, maintenance, and miscellaneous purposes	\$	553,674
b. From the commercial feed fund to be transferred to the laboratory division	\$	126,814
c. From the pesticide fund to be transferred to the laboratory division	\$	440,317
d. From the fertilizer fund to be transferred to the laboratory division	\$	774,311

5. FARM COMMODITY DIVISION

From the general fund for salaries, support, maintenance and miscellaneous purposes	\$	229,628
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Sec. 502. MULTIFLORA ROSE ERADICATION COST REIMBURSEMENT.

1. There is appropriated from the general fund of the state to the state department of agriculture and land stewardship for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of sixty thousand (60,000) dollars, or as much thereof as may be necessary, to be used for the purpose of partially reimbursing agricultural landowners or tenants for the cost of herbicide for controlling or eradicating the multiflora rose which has severely infested their agricultural land. Not more than five percent of the funds appropriated under this subsection shall be used for administrative expenses.

2. A county board of supervisors desiring a share of the appropriation shall, in conjunction with the county weed commissioner and the county soil conservation district:

commissioners, develop a plan to combat severe infestations of multiflora rose on privately owned land within the county. The plan shall be based upon partial reimbursement of individual landowner's costs for the purchase of herbicide from both state and county appropriations; however, the share of costs reimbursed by state funds shall not exceed one-fourth. The plan shall be submitted to the secretary of agriculture for approval or recommendations for modification.

3. A landowner or tenant whose agricultural land is severely infested by multiflora roses may apply to the soil conservation district commissioners of the county for partial reimbursement, according to the approved plan, of the cost of herbicide for controlling or eradicating the multiflora rose on the agricultural land. The county weed commissioner shall assist the soil conservation district commissioners in investigating the application and determining if the infestation is severe. The soil conservation district commissioners shall review and approve each application for partial cost reimbursement if the infestation is severe on the applicant's agricultural land. If the soil conservation district commissioners find the amount of reimbursement claimed to be excessive, the district commissioners may approve a lesser amount. The reasons for disapproval of an application or reduction of the amount of reimbursement shall be sent in writing to the applicant. The amount of reimbursement certified by the secretary shall be paid by warrant issued by the director of revenue and finance.

4. Federal lands and federal land tenants are not eligible for reimbursement under this section.

Sec. 503. There is appropriated to the department of agriculture and land stewardship for the fiscal year beginning July 1, 1986 and ending June 30, 1987 from the funds available under section 99D.13 the sum of seventy-eight thousand one hundred seventy-five (78,175) dollars, or as much thereof as necessary, for volunteer assistance and not more than two

full-time equivalent positions for the administration of section 99D.22.

Sec. 504. SOIL CONSERVATION. There is appropriated from the general fund of the state to the department of agriculture and land stewardship for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
1. For salaries, support, maintenance, assistance to soil conservation districts, and for miscellaneous purposes	\$ 3,385,315
It is the intent of the general assembly that if full-time equivalent positions must be reduced, the department shall first consider staff reductions in the central office.	
2. For soil conservation grants which shall be allocated by the state soil conservation committee as follows:	
a. To conduct soil surveys in conjunction with federal, state, and local agencies in Iowa	\$ 303,436
b. To provide financial incentives for soil conservation practices in accordance with the provisions of subsection 3 of this section	\$ 6,546,519
3. The following requirements apply to the funds appropriated by subsection 2, paragraph "b":	
a. Not more than five percent may be allocated for cost sharing to abate complaints filed under sections 467A.47 and 467A.48.	
b. Not more than ten percent may be allocated for financial incentives not exceeding seventy-five percent of the approved cost of permanent soil conservation practices under chapter 467A on watersheds above publicly owned lakes in accordance with the priority list required in subsection 3 of section 507 of this Act.	

c. The committee may allocate funds to conduct research and demonstration projects to promote conservation tillage practices and nonpoint source pollution control practices.

d. Not more than thirty percent of a district's allocation may be allocated by the soil conservation district commissioners for the establishment of management practices to control soil erosion on land that is now row cropped.

e. The soil conservation district commissioners may allocate financial incentives not exceeding sixty percent of the cost of permanent soil conservation practices for special watershed practices or summer construction incentives under section 467A.7, subsections 17 and 19.

f. Except for the allocation subject to paragraphs "a", "b", and "e", the financial incentives for voluntary permanent soil conservation practices shall not exceed fifty percent of the approved cost and priority shall be given to family-operated farms.

g. Not more than twenty thousand (20,000) dollars may be used for reimbursement of out-of-pocket expenses of fencing authorized by section 467A.75.

h. The financial incentive payments may be used in combination with department of natural resources funds,

i. It is the intent of the general assembly to encourage greater use of no-till, strip cropping, contour, and other management practices rather than permanent structures thereby increasing participation in soil conservation.

4. The provisions of section 8.33 shall not apply to the funds appropriated by subsection 2. Unencumbered or unobligated funds remaining on June 30, 1990 from funds appropriated for the fiscal year beginning July 1, 1986 shall revert to the general fund on September 30, 1990.

Sec. 505. DEPARTMENT OF NATURAL RESOURCES. There is appropriated from the general fund of the state and the funds indicated to the department of natural resources and its divisions for the fiscal year beginning July 1, 1986 and

ending June 30, 1987 the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

1986-1987
Fiscal Year

For salaries, support, maintenance, equipment, and miscellaneous purposes \$ 9,122,655

The natural resource commission shall give priority to the acquisition of private property along the Cedar Valley nature trail in Black Hawk, Buchanan, Benton, and Linn counties and its extension into Johnson and Cedar counties; the Heritage trail in Dubuque county; the Comet trail in Grundy county; and the trail from Des Moines to Arispe in Polk, Warren, Madison, and Union counties. The department of transportation shall provide technical assistance to the natural resource commission with regard to acquisition proceedings. No state funds will be used unless appropriated by the general assembly.

1. FISH AND WILDLIFE

a. From the state fish and game protection fund for salaries, support, maintenance, equipment, and miscellaneous purposes including not more than one million nine hundred eighty-six thousand three hundred fifty-two (1,986,352) dollars during the fiscal year beginning on July 1, 1986 which shall be available from the state fish and game protection fund for administration and coordination relating to fish and wildlife activities \$ 13,106,897

b. From the fees deposited under section 3216.7 to the fish and game protection fund for enforcement of

snowmobile laws as part of the state snowmobile program \$ 67,000

c. From the fees deposited under section 106.52 to the fish and game protection fund for administration and enforcement of navigation laws and water safety \$ 906,610

d. Funds remaining in the fish and game protection fund during fiscal year 1986-1987 which are not specifically appropriated by section 505 of this Act are appropriated and may be used for capital projects and contingencies arising during the fiscal year beginning July 1, 1986. A contingency shall not include any purpose or project which was presented to the general assembly by way of a bill or a proposed bill and which failed to be enacted into law. For the purpose of this subsection, a necessity of additional operating funds may be construed as a contingency. Before any of the funds authorized to be expended by this subsection are allocated for contingencies, it shall be determined by the executive council that a contingency exists and that the contingency was not existent while the general assembly was in session and that the proposed allocation shall be for the best interests of the state. If a contingency arises or could reasonably be foreseen during the time the general assembly is in session, expenditures for the contingency must be authorized by the general assembly.

2. GREEN THUMB PROGRAM

From the general fund for deposit in the green thumb fund for the employment of the elderly in conservation and outdoor recreation related fields to be known as the green thumb program in coordination with other agencies as provided by law \$ 138,730

3. The natural resource commission shall establish a priority list of watersheds above publicly owned lakes and areas within those watersheds which are of highest importance based on soil loss to be used for the allocation of funds set aside in subsection 3 of section 503 of this Act for permanent soil conservation practices on watersheds above publicly owned lakes.

4. For reimbursement to federal agencies for cooperative contracts \$ 185,558

5. Notwithstanding section 8.33 funds appropriated for the state's contribution to the AIDEX superfund by 1984 Iowa Acts, chapter 1303, section 18, subsection 3, and by 1985 Iowa Acts, chapter 260, section 12, subsection 3, which are unexpended or unencumbered shall carry forward into the 1986-1987 fiscal year for the same purpose as originally appropriated.

6. During the fiscal year for which funds are appropriated by this section, the department of natural resources shall not require the installation or use of equipment to control the emission of dust or other particulate matter on facilities for the storage of grain which are located within the ambient air quality attainment areas for suspended particulates.

7. For payments to the governing bodies responsible for publicly owned sewage treatment facilities which are eligible for grants under section 202 of the federal Water Pollution Control Act, 33 U.S.C. 466 et seq., as amended by the federal Clean Water Act of 1977, Pub. L. 95-217, in an amount equal to five percent of the amount approved as the eligible cost of the project by the environmental protection commission \$ 1,865,695

Notwithstanding the provisions of unnumbered paragraph 1, of this subsection, not more than ten thousand (10,000)

dollars of the funds appropriated by this subsection may be used for payments to governing bodies of local governments to reimburse up to fifty percent of expenses incurred since January 1, 1985 for alternative solid waste disposal projects.

The department is authorized to utilize from funds appropriated for payments to governing bodies responsible for publicly owned sewage treatment facilities but which are unexpended an amount not to exceed four hundred ninety-three thousand (493,000) dollars for the state share of the AIDEX superfund cleanup. Any funds remaining in the AIDEX superfund account once the final site cleanup work, excluding the ongoing monitoring of the site, has been completed shall revert to the general fund of the state. The moneys used for the state share of the AIDEX superfund cleanup shall be repaid not later than June 30, 1989. It is the intent of the general assembly that the withdrawal of funds from moneys available for publicly owned sewage treatment facilities shall not be used for any other purpose in future years and the department of natural resources shall report to the general assembly not later than January 1, 1987 on methods to increase funds for the state superfund to meet future needs in this state.

The provisions of section 8.33 shall not apply to the funds appropriated by this subsection. Unencumbered or unobligated funds remaining on June 30, 1990 from funds appropriated for the fiscal year beginning July 1, 1986, shall revert to the general fund on September 30, 1990.

Sec. 506. MARINE FUEL TAX FUND. There is appropriated from the marine fuel tax fund to the department of natural resources and its divisions for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amounts, or so much thereof as is necessary, to be used for the following purposes:

1986-1987
Fiscal Year

1. For maintenance and de-

velopment of boating facilities and access to public waters \$ 374,100

2. For deposit in the state fish and game protection fund for the administration and enforcement of navigation laws and boat safety \$ 100,000

The balance of the amount computed as provided in section 324.84 for the fiscal year beginning July 1, 1986 and ending June 30, 1987 is appropriated for the purposes provided in section 324.79, subsections 1, 2, 3 and 5. The unencumbered or unobligated balances of funds specifically allocated for such projects for the fiscal year ending June 30, 1987, shall revert to the fund from which appropriated June 30, 1989.

Sec. 507. There is appropriated from the general fund of the state to the Iowa state water resources research institute for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of one hundred thousand (100,000) dollars, or so much thereof as is necessary, for research approved by the panel created in 1984 Iowa Acts, chapter 1303, section 20.

Sec. 508. If House File 2488 is enacted by the Seventy-first General Assembly, 1986 Session, and becomes law, there is appropriated from the general fund of the state to the interstate agricultural grain marketing commission for the fiscal period beginning July 1, 1986 and ending June 30, 1988, the sum of fifty thousand (50,000) dollars for the state's initial contribution to the commission for expenses incurred by the commission.

Sec. 509. Section 99D.13, subsection 2, Code 1985, is amended to read as follows:

2. Winnings forfeited under subsection 1 shall escheat to the state and be paid over to the director of revenue and finance and to the extent appropriated by the general assembly shall be used for the benefit of the department of agriculture and land stewardship to the extent necessary to administe:

section 99D.22 and the remainder shall be deposited as pet provided in chapter 556.

Sec. 510. All federal grants to and the federal receipts, not otherwise appropriated, of the agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in the federal grants or receipts, unless otherwise provided by the general assembly.

DIVISION VII REGULATORY AND LICENSING

Sec. 601. There is appropriated from the general fund of the state to the department of commerce for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

	1986-1987 <u>Fiscal Year</u>
1. PROFESSIONAL LICENSING AND REGULATION DIVISION	
a. BOARD OF ARCHITECTURAL EXAMINERS	
For salaries, support, maintenance, and other operational purposes	\$ 42,000
b. BOARD OF LANDSCAPE ARCHITECTURAL EXAMINERS	
For salaries, support, maintenance, and other operational purposes	\$ 11,000
c. BOARD OF ACCOUNTANCY	
For salaries, support, maintenance, and other operational purposes	\$ 213,000
d. STATE BOARD OF ENGINEERING AND LAND SURVEYING EXAMINERS	
For salaries, support, main-	

tenance, and other operational purposes \$ 138,000

e. IOWA REAL ESTATE COMMISSION

For salaries, support, maintenance, and other operational purposes \$ 146,000

The licensing boards for which general fund appropriations have been provided for in paragraphs "a", "b", and "d" may expend additional funds, if those additional expenditures are directly the cause of actual examination expenses exceeding funds budgeted for examinations. Before a licensing board included in paragraphs "a", "b", and "d" expends or encumbers an amount in excess of the funds budgeted for examinations, the department of management shall approve the expenditure or encumbrance. Before approval is given, the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the board and the board does not have other funds from which examination expenses can be paid. Upon approval of the department of management the licensing board may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected as fees from additional examination applicants and shall be treated as repayment receipts as defined in section 8.2, subsection 5.

2. BANKING DIVISION

For salaries, support, maintenance, and other operational purposes to be used as startup funding for the banking revolving fund \$ 295,000

3. CREDIT UNION DIVISION

For salaries, support, maintenance, and other operational

purposes to be used as startup funding for the credit union revolving fund \$ 50,000

4. INSURANCE DIVISION

For salaries, support, maintenance, and other operational purposes \$ 1,650,000

Of the amount appropriated in this subsection, three hundred fifty thousand (350,000) dollars is to be used as startup funding for the insurance examination revolving fund.

5. GAMING DIVISION

For salaries, support, maintenance, and other operational purposes \$ 49,000

Notwithstanding section 99D.5. subsection 4, members of the racing commission shall receive an annual salary of six thousand (6,000) dollars for the fiscal year beginning July 1, 1986 and ending June 30, 1987 and the fiscal year beginning July 1, 1987 and ending June 30, 1988. This section shall prevail over any inconsistent provisions of 1986 Iowa Acts, Senate File 2175 and any provision of 1986 Iowa Acts, Senate File 2175 relating to compensation for members of the racing commission shall not be applicable for the fiscal year beginning July 1, 1986 and ending June 30, 1987 or the fiscal year beginning July 1, 1987 and ending June 30, 1988.

6. UTILITIES DIVISION

For salaries, support, maintenance, and other operational purposes including the consumer advocate to be used as startup funding for the utilities division revolving fund \$ 725,000

Sec. 602. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the following named agencies, the

following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1986-1987
Fiscal Year

- 1. AUDITOR OF STATE
For salaries, support, main-
tenance, and other operational
purposes \$ 1,868,000
- 2. CAMPAIGN FINANCE DIS-
CLOSURE COMMISSION
For salaries, support, main-
tenance, and other operational
purposes \$ 155,000
- 3. DEPARTMENT OF INSPECTIONS AND
APPEALS
For salaries, support, main-
tenance, and other operational
purposes \$ 2,614,790
The department may charge state departments, agencies, and
commissions for services rendered and the payments received
shall be considered repayment receipts as defined in section
8.2, subsection 5.
- 4. FOSTER CARE REVIEW BOARD
For salaries, support, main-
tenance, and other operational
purposes \$ 129,000
- 5. OCCUPATIONAL SAFETY
AND HEALTH REVIEW COMMISSION
For salaries, support, main-
tenance, and other operational
purposes \$ 24,523
- 6. SECRETARY OF STATE
 - a. For salaries, support,
maintenance, and other opera-
tional purposes \$ 1,044,000

b. For editing and printing
the Iowa official register \$ 62,000

The secretary of state is responsible for the printing of
the Iowa official register and the centralized printing
department of the department of general services is
responsible for the distribution of the Iowa official
register.

The secretary of state shall not collect a fee for
providing persons with the Iowa official register. If
additional copies of the Iowa official register are required
for distribution, the secretary of state shall not reprint the
most expensive version of the Iowa official register but shall
reprint the version that is less expensive for distribution.

Sec. 603. Notwithstanding section 123.53, there is
appropriated from the beer' and liquor control fund to the
alcoholic beverages control division of the department of
commerce for the fiscal year beginning July 1, 1986 and ending
June 30, 1987 the sum of nine million two hundred thirty-five
thousand (9,235,000) dollars for salaries, support,
maintenance and other operational purposes, including funds to
maintain existing warehouse distribution positions for the
fiscal year beginning July 1, 1986 and ending June 30, 1987 or
additional funds as necessary for the orderly and efficient
operation of the liquor system, subject to the approval of the
department of management. Funds appropriated by this section
may also be expended for the transition expenses.

The state liquor inventory shall be placed on a bailment
system.

Sec. 604. There is appropriated from the general fund of
the state to the department of employment services for the
fiscal year beginning July 1, 1986 and ending June 30, 1987,
the following sums, or so much thereof as is necessary, to be
used for the purposes designated:

- 1. DIVISION OF LABOR SERVICES
For salaries, support, mainte-

nance, and other operational purposes \$ 1,563,000

2. DIVISION OF INDUSTRIAL SERVICES

For salaries, support, maintenance, and other operational purposes \$ 946,199

It is the intent of the general assembly that the discount table for commutations in 500 Iowa Admin. Code 56.3, which was in effect immediately prior to March 20, 1985 and which was based on a simple rather than compound interest factor, shall be uniformly applied to all commutations approved by the industrial commissioner prior to March 20, 1985 as a valid interpretation of the general assembly's intent to commute future workers' compensation payments to a present worth lump-sum payment pursuant to sections 05.45 and 85.47. It is further the intent of the general assembly that the supreme court's reinterpretation of the general assembly's intent, concerning the commutation of future workers' compensation payments to a present worth lump-sum payment under sections 05.45 and 85.47, shall be uniformly applied to all commutations approved by the industrial commissioner on or after March 20, 1985.

Sec. 605. There is appropriated from the road use tax fund to the state department of transportation for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of three hundred twenty-six thousand (326,000) dollars, or so much thereof as is necessary, to reimburse the department of inspections and appeals for inspection and appeals services provided to the state department of transportation.

Sec. 606. There is appropriated from the banking revolving fund to the banking division of the department of commerce for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of three million nine hundred five thousand (3,905,000) dollars, or so much thereof as is necessary, for

salaries, support, maintenance, and other operational purposes of the banking division. Of the funds deposited in the banking revolving fund, the treasurer of state shall transfer from the fund and credit to the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of two hundred ninety-five thousand (295,000) dollars to reimburse the general fund of the state for startup funding providing for the banking revolving fund from the general fund of the state.

Sec. 607. There is appropriated from the credit union revolving fund to the credit union division of the department of commerce for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of five hundred forty-one thousand (541,000) dollars, or so much thereof as is necessary, for salaries, support, maintenance, and other operational purposes of the credit union division. Of the funds deposited in the credit union revolving fund, the treasurer of state shall transfer from the fund and credit to the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of fifty thousand (50,000) dollars to reimburse the general fund of the state for startup funding provided for the credit union revolving fund from the general fund of the state.

Sec. 608. There is appropriated from the insurance examination revolving fund to the insurance division of the department of commerce for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of one million one hundred fifty thousand (1,150,000) dollars, or so much thereof as is necessary, for salaries, support, maintenance, and other operational purposes of the insurance division. Of the funds deposited in the insurance examination revolving fund, the treasurer of state shall transfer from the fund and credit to the general fund of the state the sum of three hundred fifty thousand (350,000) dollars for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to reimburse the general fund

of the state for startup funding provided for the insurance examination revolving fund from the general fund of the state.

Sec. 609. There is appropriated from the savings and loan revolving fund to the savings and loan division of the department of commerce for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of three hundred forty-five thousand (345,000) dollars, or so much thereof as is necessary, for salaries, support, maintenance, and other operational purposes of the savings and loan division.

Sec. 610. There is appropriated from the utilities trust fund to the utilities division of the department of commerce for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of three million seven hundred eighty-nine thousand four hundred (3,789,400) dollars, or so much thereof as is necessary, for salaries, support, maintenance, and other operational purposes of the utilities division. There is appropriated from the utilities trust fund to the consumer advocate office of the department of justice for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of eight hundred ninety-two thousand (892,000) dollars, or so much thereof as may be necessary, for salaries, support, maintenance, and operational purposes of the office. Of the funds deposited in the utilities trust fund, the treasurer of state shall transfer from the fund and credit to the general fund of the state the sum of seven hundred twenty-five thousand (725,000) dollars for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to reimburse the general fund of the state for startup funding provided for the utilities trust fund from the general fund of the state.

Sec. 611. Section 19A.3, Code Supplement 1985, is amended by adding the following new subsections:

NEW SUBSECTION. 25. The administrator and the deputy administrator of the credit union division of the department of commerce, all members of the credit union review board, and all employees of the credit union division.

NEW SUBSECTION. 26. The superintendent and the deputy superintendent of the banking division of the department of commerce, all members of the state banking board, and all employees of the banking division.

NEW SUBSECTION. 27. The superintendent of savings and loan associations and all employees of the savings and loan division of the department of commerce.

Sec. 612. Section 20.4, Code 1985, is amended by adding the following new subsections:

NEW SUBSECTION. 11. Persons employed by the credit union division of the department of commerce.

NEW SUBSECTION. 12. Persons employed by the banking division of the department of commerce.

NEW SUBSECTION. 13. Persons employed by the savings and loan division of the department of commerce.

Sec. 613. Section 476.10, unnumbered paragraph 2, Code 1985, is amended to read as follows:

The commission shall ascertain the total of its expenditures during each year which are reasonably attributable to the performance of its duties under this chapter. The commission shall add to this total the certified expenses of the consumer advocate as provided under section 475A.6 and shall deduct all amounts chargeable directly to any specific utility under any law. The remainder shall be assessed by the commission to the public utilities in proportion to their respective gross operating revenues during the last calendar year derived from intrastate public utility operations and ~~shall be assessed within ninety days of the close of the calendar year based upon an estimate of the commission expenditures for the first half of the commission's fiscal year and again within ninety days of the close of the fiscal year as necessary to conform the amount of the assessment to the requirements of this section~~ may be assessed by the commission on a quarterly basis. Assessments may be made quarterly based upon estimates of the utility division's

and the consumer advocate's expenditures for the fiscal year. Beginning with the fiscal year beginning July 1, 1987, the first assessment for any fiscal year may be made by the utility division by May 15 of the preceding fiscal year and shall be paid by the utility on or before the following July 1. Not more than ninety days following the close of the fiscal year, the utilities division shall conform the amount of the prior fiscal year's assessments to the requirements of this section. Public utilities exempt from rate regulation under this chapter shall not be assessed for remainder expenses incurred during review of rate-regulated public utilities under section 476.31 or 476.32, but such remainder expenses shall be assessed proportionally as provided in this section among only the rate-regulated public utilities. The total amount which may be assessed to the public utilities under authority of this paragraph shall not exceed two-tenths of one percent of the total gross operating revenues of the public utilities during the calendar year derived from intrastate public utility operations. However, the total amount which may be assessed in any one calendar year to a public utility under this section shall not exceed three-tenths of one percent of the utility's total gross operating revenues derived from intrastate public utility operation in the last preceding year. For public utilities exempted from rate regulation under this chapter, the assessments under this paragraph shall be computed at one-half the rate used in computing the assessment for other utilities.

Sec. 614. Section 476.10, Code 1985, is amended by adding the following new unlettered paragraph:

NEW UNLETTERED PARAGRAPH. Fees paid to the utilities division shall be deposited in a utilities trust fund. The treasurer of state shall hold these funds in an account that shall be established in the names of the administrator of the utilities division and the consumer advocate for the payment, upon appropriation by the general assembly, of the expenses of

the utility division and the consumer advocate division of the department of justice. This fund is subject at all times to the warrant of the department of revenue and finance, drawn upon written requisition of the administrator of the utilities division, the administrator's designated representative, the consumer advocate, or the consumer advocate's designated representative for the payment of all salaries and other expenses necessary to carry out the duties of the utilities division or the consumer advocate division. Subject to section 476.10, the utilities division or the consumer advocate division may keep on hand with the treasurer of state funds in excess of the current needs of the utilities division or the consumer advocate division. Transfers shall not be made from the general fund of the state or any other fund for the payment of the expenses of the divisions. No part of the funds held by the treasurer of state for the account shall be transferred to the general fund of the state or any other fund. The funds held by the treasurer of state for the account shall be invested by the treasurer of state and the income derived from these investments shall be credited to the general fund of the state. The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the fund created in this section.

The administrator and consumer advocate shall account for receipts and disbursements according to the separate duties imposed upon the utilities and consumer advocate divisions by the laws of this state and each separate duty shall be fiscally self-sustaining.

Sec. 615. Section 505.7, Code 1985, is amended to read as follows:

505.7 FEES.

All fees and charges ~~of every character whatsoever~~ which are required by law to be paid by insurance companies and associations shall be payable to the commissioner of the insurance division of the department of commerce or department

of revenue and finance, as provided by law, whose duty it shall be to account for and pay over the same to the treasurer of state at the time and in the manner provided by law. However, fees paid for the inspection or examination of an insurer or other entity subject to regulation by the department shall be deposited in a special trust fund. The treasurer of state shall hold these funds in an account that shall be established in the name of the commissioner for the payment of the inspection and examination expenses of the department upon appropriation by the general assembly. This fund is subject at all times to the warrant of the department of revenue, drawn upon written requisition of the commissioner or the commissioner's designated representative, for the payment of all salaries and other expenses necessary to carry out the inspection or examination duties of the insurance department. The commissioner may keep on hand with the treasurer of state funds in excess of the current needs of the department. Transfers shall not be made from the general fund of the state or any other fund for the payment of the inspection and examination expenses of the department. No part of the funds held by the treasurer of state for the account of the commissioner shall be transferred to the general fund of the state or any other fund. The funds held by the treasurer of state for the account of the commissioner shall be invested by the treasurer of state and the income derived from these investments shall be credited to the general fund of the state.

The commissioner shall account for receipts and disbursements according to the separate inspection and examination duties imposed upon the commissioner by the laws of this state and each separate inspection and examination duty shall be fiscally self-sustaining.

Sec. 616. Section 524.207, Code 1985, is amended by striking the section and inserting in lieu thereof the following:

524.207 EXPENSES OF THE ~~DEPARTMENT-OF~~ BANKING DIVISION -- FEES.

All expenses required in the discharge of the duties and responsibilities imposed upon the ~~department-of~~ banking division of the department of commerce, the superintendent, and the state banking board by the laws of this state shall be paid from fees provided by the laws of this state and appropriated by the general assembly from the fund established in this section. All of these fees are payable to the superintendent. The superintendent shall pay all the fees and other money received by the superintendent to the treasurer of state within the time required by section 12.10. The treasurer of state shall hold these funds in an account that shall be established in the name of the superintendent for the payment of the expenses of the department. This fund is subject at all times to the warrant of the department of revenue and finance, drawn upon written requisition of the superintendent or the superintendent's designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the banking division of the department of commerce. The superintendent may keep on hand with the treasurer of state funds in excess of the current needs of the department to the extent approved by the state banking board. Transfers shall not be made from the general fund of the state or any other fund for the payment of the expenses of the department. No part of the funds held by the treasurer of state for the account of the superintendent shall be transferred to the general fund of the state or any other fund, except as follows: One hundred thousand dollars each fiscal year shall be transferred to the general fund of the state. That amount shall be considered as one of the costs of the department. The funds held by the treasurer of state for the account of the superintendent shall be invested by the treasurer of state and the income derived from these investments shall be credited to the general fund of the state.

The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the fund created in this section and held for the superintendent.

The superintendent shall account for receipts and disbursements according to the separate duties imposed upon the superintendent by the laws of this state and each separate duty shall be fiscally self-sustaining.

Sec. 617. Section 524.219, unnumbered paragraph 1, Code 1985, is amended to read as follows:

524.219 FEES FOR EXAMINATIONS.

A state bank~~7-and-any-private-bank~~ subject to examination, supervision, and regulation by the superintendent, shall pay to the superintendent a fee, established by the state banking board, based on the time required for the examination and the administrative costs and expenses incurred in the discharge of the duties imposed upon the superintendent by this chapter. The fee shall include, but not be limited to costs and expenses for salaries, expenses and travel, for employees, office facilities, supplies, and equipment. Such fee shall apply equally to all state banks and private banks subject to examination~~7-and-may-not-be-changed-more-frequently-than annually-and-when-changed,7-shall-be-effective-on-January-1-of the-year-following-the-year-in-which-the-change-was-approved.~~

Sec. 618. NEW SECTION. 533.67 EXPENSES OF THE CREDIT UNION DIVISION -- FEES.

All expenses required in the discharge of the duties and responsibilities imposed upon the credit union division, the administrator, and the credit union review board by the laws of this state shall be paid from fees provided by the laws of this state and appropriated by the general assembly from the fund established in this section. All of these fees are payable to the administrator. The administrator shall pay all the fees and other money received by the superintendent to the treasurer of state within the time required by section 12.10. The treasurer of state shall hold these funds in an account

that shall be established in the name of the administrator for the payment of the expenses of the department. This fund is subject at all times to the warrant of the department of revenue and finance, drawn upon written requisition of the administrator or the administrator's designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the department. The administration may keep on hand with the treasurer of state funds in excess of the current needs of the department to the extent approved by the credit union review board. No transfers shall be made from the general fund of the state or any other fund for the payment of the expenses of the division. No part of the funds held by the treasurer of state for the account of the administrator shall be transferred to the general fund of the state or any other fund, except as follows: Forty thousand dollars each fiscal year shall be transferred to the general fund of the state. The amount shall be considered as one of the costs of the division. The funds held by the treasurer of state for the account of the administrator shall be invested by the treasurer of state and the income derived from these investments shall be credited to the general fund of the state.

The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the fund created in this section and held for the administrator.

The administrator shall account for receipts and disbursements according to the separate duties imposed upon the administrator by the laws of this state and each separate duty shall be fiscally self-sustaining.

Sec. 619. Section 534.408, subsection 1, Code 1985, is amended to read as follows:

1. PAYABLE TO STATE AUDITOR OF STATE. Associations shall pay fees by delivering to the supervisor a check payable to the ~~state~~ auditor of state. All fees collected under the provisions of this chapter shall be deposited with the

treasurer of state in a separate fund to be known as the savings and loan revolving fund, except fifteen thousand dollars each fiscal year shall be transferred to the general fund of the state. The amount shall be considered as one of the costs of the savings and loan division. All expenses necessary to carry out the provisions of this chapter shall be paid from the savings and loan revolving fund and appropriated by the general assembly from the fund.

The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the savings and loan fund.

Sec. 620. 1986 Iowa Acts, Senate File 540, section 11, is amended to read as follows:

SEC. 11. NEW SECTION. 56.14 POLITICAL ADVERTISEMENTS.

A person who causes the publication or distribution of published material after July 1, 1984 designed to promote or defeat the nomination or election of a candidate for public office or the passage of a constitutional amendment or public measure shall include conspicuously on the published material the identity and address of the person responsible for the material. If the person responsible is an organization, the name of one officer of the organization shall appear on the material. However, if the organization is a committee which has filed a statement of organization under this chapter, only the name of the committee is required to be included on the published material. This section does not apply to the editorials or news articles of a newspaper or magazine which are not political advertisements. For the purpose of this section, "published material" means any newspaper, magazine, shopper, outdoor advertising facility, poster, yard sign including hand lettered signs, direct mailing, brochure, or any other form of printed general public political advertising, however, the identification need not be conspicuous on posters and yard signs including hand lettered signs. This section does not apply to bumper stickers, pins,

buttons, pens, matchbooks and similar small items upon which the inclusion of the disclaimer would be impracticable or to published material which is subject to federal regulations regarding a disclaimer requirement.

Sec. 621. There is appropriated out of the funds made available to this state pursuant to section 903 of the federal Social Security Act, as amended, one million sixty-eight thousand nine hundred forty-two (1,068,942) dollars, to the job services division of the department of employment services for the prepayment of the principal balance of a lease-purchase agreement for data processing equipment used by the department in the performance of departmental functions under chapter 96.

The moneys appropriated in this section shall not be obligated after June 30, 1988. The amount obligated pursuant to this section during any twelve-month period beginning on July 1 and ending on the following June 30 shall not exceed the amount available for obligation pursuant to section 903 of the federal Social Security Act, as amended, and as reflected in the accounts of the department of job service and the United States department of labor.

Sec. 622. Section 96.9, subsection 4, paragraphs a and b, Code 1985, are amended to read as follows:

a. Money credited to the account of this state in the unemployment trust fund by the secretary of the treasury of the United States pursuant to section 903 of the Social Security Act may not be requisitioned from this state's account or used except for the payment of benefits and for the payment of expenses incurred for the administration of this chapter. Such money may be requisitioned pursuant to subsection 3 of this section for the payment of benefits. Such money may also be requisitioned and used for the payment of expenses incurred for the administration of this chapter but only pursuant to a specific appropriation by the legislature and only if the expenses are incurred and the

money is requisitioned after the enactment of an appropriation law which (1) specifies the purposes for which such money is appropriated and the amounts ~~appropriated~~ therefor, (2) limits the period within which such money may be obligated to a period ending not more than two years after the date of the enactment of the appropriation law, and (3) limits the amount which may be obligated during a twelve-month period beginning on July 1 and ending on the next June 30 to an amount which does not exceed the amount by which (i) the aggregate of the amounts credited to the account of this state pursuant to section 903 of the Social Security Act during the same twelve-month period and the ~~twenty-feat~~ thirty-four preceding twelve-month periods, exceeds (ii) the aggregate of the amounts obligated for administration and paid out for benefits and charged against the amounts credited to the account of this state during such ~~twenty-five~~ thirty-five twelve-month periods.

b. Amounts credited to this state's account in the unemployment trust fund under section 903 of the Social Security Act which are obligated for administration or paid out for benefits shall be charged against equivalent amounts which were first credited and which are not already ~~so~~ charged; except that no amount obligated for administration during a twelve-month period specified herein may be charged against any amount credited during such a twelve-month period earlier than the ~~twenty-faatth~~ thirty-fourth preceding such period.

Sec. 623. SPECIAL EMPLOYMENT SECURITY CONTINGENCY FUND EXPENDITURES.

1. Notwithstanding the provisions of section 96.13, subsection 3, which restrict the use of moneys in the special employment security contingency fund, moneys in the fund on June 30, 1986, shall not be transferred by the treasurer of state to either the temporary emergency surcharge fund or to the unemployment compensation fund, but shall be available to

the department of job service, for the fiscal year beginning July 1, 1986, and ending June 30, 1987, for expenditure under subsection 2.

2. The department of job service shall only expend moneys, which are credited to the special employment security contingency fund during the fiscal year beginning July 1, 1986, and ending June 30, 1987, including moneys which are available to the department of job service under subsection 1, in accordance with the following restrictions:

a. The department may expend up to fifty thousand (50,000) dollars from the fund for the purchase and installation of an electrical transformer for its state administrative office building.

b. The department may expend up to two hundred thousand (200,000) dollars from the fund for the support of county labor survey economic development teams.

c. Any balance of moneys in the special employment security contingency fund shall be deposited in a separate account in the state treasury to be known as the department approved training fund. Notwithstanding section 453.7, interest and earnings from moneys deposited in the department approved training fund shall be credited to the fund. The department shall use moneys from the fund only to pay the instructional costs of training, relating to tuition and course fees, approved by the department pursuant to section 96.4 and 370 I.A.C. ~~§4.39, §4.40~~, for individuals who demonstrate, to the department's satisfaction, that they are financially incapable of paying the instructional costs of the approved training. However, the department may expend up to thirty thousand (30,000) dollars from the fund for administrative costs related to payments for department approved training.

The payments shall not be made to the individual receiving approved training but shall be made directly to the institution or person providing the approved training.

Payments shall not exceed one thousand dollars per individual trainee in any two-year period.

The department shall distribute information on the qualification requirements for and availability of payment for department approved training to individuals filing claims for benefits or receiving benefits under chapter 96.

Sec. 624. Notwithstanding the provisions of 1986 Iowa Acts, House File 2181, sections 11 and 13, health insurance coverage provided under House File 2181 needs not be effective until July 1, 1987, and notices required by section 11 need not be given until January 1, 1987.

Sec. 625. 1986 Iowa Acts, House File 2181, section 12, is repealed.

Sec. 626. All federal grants to and the federal receipts of the agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants or receipts unless otherwise provided by the general assembly.

DIVISION VIII
STATE GOVERNMENT

Sec. 701. There is appropriated from the general fund of the state to the office of the governor for the fiscal year commencing July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1986-1987 <u>Fiscal Year</u>
1. For salaries, support, maintenance, and miscellaneous purposes of the general office of the governor	\$ 643,650
2. For the governor's expenses connected with office	\$ 5,439
3. For salaries, support, and miscellaneous purposes of	

the governor's quarters at Terrace Hill \$ 56,728

4. For the payment of expenses of ad hoc committees, councils, and task forces appointed by the governor to research and analyze a particular subject area relevant to the problems and responsibilities of state and local government, including the employment of professional, technical, and administrative staff and the payment of per diem, not exceeding forty dollars, and actual expenses of committee, council, or task force members

\$ 15,706

5. For salaries, support, maintenance, and miscellaneous purposes of the office of administrative rules coordinator

\$ 58,053

Sec. 702. There is appropriated from the general fund of the state to the office of the lieutenant governor for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1986-1987 <u>Fiscal Year</u>
For salaries, support, maintenance, and miscellaneous purposes including the lieutenant governor's compensation and expenses as provided in subsection 2 of section 2.10 including service as a member	

of the legislative council and for per diem and expenses incurred while performing duties of the lieutenant governor when the general assembly is not in session \$ 102,339

Sec. 703. There is appropriated from the general fund of the state to the executive council for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
For salaries, support, maintenance, and miscellaneous purposes	\$ 39,605

Sec. 704. Section 8.20, Code 1985, is amended to read as follows:

8.20 CANCELLATION OF STATE WARRANTS.

The ~~state-comptroller~~ director of revenue and finance as of March 31, June 30, September 30, and December 31 of each year shall cancel and request the treasurer of state to stop payment on all state warrants which have been outstanding and unredeemed by the state treasurer for one-year six months or longer.

Sec. 705. There is appropriated from the general fund of the state to the department of general services for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
1. GENERAL OPERATIONS	
For salaries, support, maintenance, and miscellaneous pur-	

poses \$ 4,590,964
Savings achieved in providing telecommunications services shall be used by the department of general services to increase efficiencies in the provision of those services.

2. DIVISION OF DATA PROCESSING

For salaries, support, maintenance, and miscellaneous purposes of the division of data processing \$ 6,217,905

3. CAPITOL PLANNING COMMISSION

For expenses of the members in carrying out their duties under chapter 18A \$ 1,255

4. UTILITY COSTS

For payment of utility costs \$ 1,804,755

5. RENTAL SPACE

For payment of lease or rental costs of buildings and office space at the seat of government as provided in section 18.12, subsection 9, notwithstanding section 18.16 \$ 830,311

6. To implement a risk

management program \$ 184,666

Sec. 706. There is appropriated from the revolving funds designated to the department of general services for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
DEPARTMENT OF GENERAL SERVICES -- REVOLVING FUNDS	
1. From the centralized printing permanent revolving	

fund established by section 18.57 for salaries, support, maintenance, and miscellaneous purposes \$ 717,161

2. The remainder of the centralized printing permanent revolving fund is appropriated for the expense incurred in supplying paper stock, offset printing, copy preparation, binding, distribution costs, original payment of printing and binding claims and contingencies arising during the fiscal year beginning July 1, 1986 which are legally payable from this fund.

3. From the general service revolving fund established by section 18.9 for salaries, support, maintenance, and miscellaneous purposes \$ 452,915

4. The remainder of the general service revolving fund is appropriated for the payment of expenses incurred through purchases by various state departments and for contingencies arising during the fiscal year beginning July 1, 1986 which are legally payable from this fund.

5. From the vehicle dis-

patcher revolving fund established by section 18.119 for salaries, support, maintenance, and miscellaneous purposes \$ 434,540

6. The remainder of the vehicle dispatcher revolving fund is appropriated for the purchase of gasoline, oil, tires, repairs and all other maintenance expenses incurred in the operation of state-owned motor vehicles and for contingencies arising during the fiscal year beginning July 1, 1986 which are legally payable from this fund.

Sec, 707. There is appropriated from the general fund of the state to the following named agencies for the fiscal year commencing July 1, 1986 and ending **June 30**, 1987, the following amounts, or so much thereof as necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
1. NATIONAL CONFERENCE OF STATE LEGISLATURES	
For support of the membership assessment	\$ 51,002
2. COMMISSION ON UNIFORM STATE LAWS	
For support of the commission and expenses of the members	\$ 8,538
3. PIONEER LAWMAKERS	
For expenses of the biennial meeting	\$ 707

Sec. 708. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the department of management, the following amounts, or so much thereof as necessary, to be used for the purposes designated:

	1986-1987 <u>Fiscal Year</u>
1. DEPARTMENT OF MANAGEMENT	
a. For salaries, support, main- tenance, and miscellaneous purposes	\$ 1,344,812
b. Juvenile victim restitution program	\$ 115,178
2. COUNCIL OF STATE GOVERNMENTS	
For support of the membership assessment	\$ 44,806
3. For the payment of per diems	\$ 299,915

Sec. 709. There is appropriated from the general fund of the state to the municipal assistance fund, established in section 405.1, for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amount, or so much thereof as necessary, to be used for state assistance to municipalities, with distribution in accordance with section 405.1.

	1986-1987 <u>Fiscal Year</u>
	\$ 14,502,280

Sec. 710. There is appropriated from the general fund of the state to the county government assistance fund, established in section 334A.1, for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amount or so much thereof as is necessary, to be used for state assistance to counties, with the distribution in accordance with section 334A.2.

1986-1987

<u>Fiscal Year</u>
\$ 3,195,236

Sec. 711. The treasurer of state shall apportion all moneys in the county indemnification fund to the county treasurers of the respective counties. The moneys in the fund, including interest income received by the fund, shall be allocated to each county in the same proportion that the county contributed to the fund. The treasurer of state shall apportion and remit the funds on or before July 15, 1986.

Sec. 712. Section 331.660. Code 1985, is amended to read as follows:

331.660 APPROPRIATION -- INDIAN SETTLEMENT OFFICER.

There is appropriated annually from the general fund of the state to the county of Tama the sum of three thousand five three hundred sixty-five dollars to be used by the county only for the payment of the salary and expenses of an additional deputy sheriff for the county. The principal duty of the deputy sheriff is to provide law enforcement on the Sac and Fox Indian settlement in the county of Tama. If possible, the deputy sheriff shall reside on the settlement. Additional funds necessary to pay the salary and expenses of the deputy sheriff shall be paid by the county of Tama.

Sec. 713. 1985 Iowa Acts, chapter 254, section 1, subsection 1, paragraph b, is amended to read as follows:

b. For the fiscal year beginning July 1, 1986	\$ 48,000,000
	<u>44,000,000</u>

Sec. 714. 1985 Iowa Acts, chapter 258, section 9, is amended to read as follows:

SEC. 9. COMPARABLE WORTH PAY ADJUSTMENTS. There is . appropriated from the general fund of the state to the salary adjustment fund established in section 8.43 for the fiscal year beginning July 1, 1985 and ending June 30, 1986, the sum of nineteen eighteen million eighty-five thousand eight hundred fifteen (~~19,000,000~~ 18,085,815) dollars, or so much

thereof as is necessary, to be distributed to the various departments to supplement other general fund moneys appropriated by the general assembly to provide salary adjustments resulting from implementing actions taken under 1984 Iowa Acts, chapter 1314, including plans developed for agencies with positions which are exempt or partially exempt from the state merit system pursuant to 1984 Iowa Acts, chapter 1314, section 8.

Sec. 715. COMPARABLE WORTH PAY ADJUSTMENTS. There is appropriated from the general fund of the state to the salary adjustment fund established in section 8.43 for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of sixteen million six hundred seventeen thousand nine hundred forty (16,617,940) dollars, or so much thereof as necessary, to be distributed to the various departments to supplement other general fund moneys appropriated by the general assembly to provide salary adjustments resulting from implementing actions taken under 1984 Iowa Acts, chapter 1314, including plans developed for agencies with positions which are exempt or partially exempt from the state merit system pursuant to 1984 Iowa Acts, chapter 1314, section 8.

Sec. 716. There is appropriated from the general fund of the state, to the department of personnel for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts, or so much thereof as necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
1. For salaries, support, maintenance, and miscellaneous purposes	\$ 2,928,227
2. To be transferred to the department of corrections for salary, support, maintenance, and miscellaceous purposes of	

the core personnel staff	\$ 222,206
3. To be transferred to the department of human services for salary, support, maintenance, and miscellaneous purposes of the core personnel staff	\$ 787,714
4. To be transferred to the department of transportation for salary, support, maintenance, and miscellaneous purposes of the core personnel staff	\$ 12,074
5. For salaries, support, maintenance, and other operational purposes for the administration of chapter 97 and chapter 97C and section 294.15	\$ 145,785

Sec. 717. There is appropriated from the general fund of the state, to the public employment relations board for the fiscal year beginning July 1, 1986, and ending June 30, 1987, the sum of four hundred ninety-seven thousand six hundred eighty-seven (497,687) dollars, or so much thereof as necessary, for salaries, support, maintenance, and miscellaneous purposes related to the operation of the public employment relations board.

A person who desires to be reimbursed for legitimate costs incurred while performing service to the state must submit a receipt documenting such cost prior to receiving remuneration from the state.

Sec. 718. There is appropriated from the Iowa public-employees' retirement system fund to the department of personnel for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amount, or so much thereof as is necessary, to be used for the following purposes:

1986-1987

Fiscal Year

For salaries, support, main-
="-ace, and other operational
purposes to pay the costs of ad-
ministration of the Iowa public
employees' retirement system \$ 1,773,465

Sec. 719. NEW SECTION. 28.110 IOWA WINE AND BEER
PROMOTION BOARD.

An Iowa wine and beer promotion board is created. The board consists of three members appointed by the commission. Each member shall serve a term of two years on the board. One member shall represent the commission, one member shall represent the Iowa wine makers, and one member shall represent the Iowa beer makers. The board shall advise the commission on the best means to promote wine and beer made in Iowa.

Sec. 720. NEW SECTION. 28.111 PROMOTION OF IOWA WINE AND BEER.

The commission shall consult with the Iowa wine and beer promotion board on the best means to promote wine and beer made in Iowa. The commission has the authority to contract with private persons for the promotion of beer and wine made in Iowa. At the direction of the commission, the state comptroller shall issue warrants to the commission on the barrel tax fund created in section 123.143 and the gallonage tax fund created in section 123.183, which moneys may be used by the commission for the purpose of this section, including administrative expenses incurred under this section.

Sec. 721. Section 97B.49, subsection 3, Code Supplement 1985, is amended to read as follows:

3. For each member employed before January 1, 1976, who has qualified for prior service credit in accordance with the first paragraph of section 97B.43, there shall be determined a benefit of eight-tenths of one percent per year of prior service credit multiplied by the monthly rate of the member's total remuneration not in excess of three thousand dollars

annually during the twelve consecutive months of the member's prior service for which ~~such~~ that total remuneration was the highest. An additional three-tenths of one percent of ~~such~~ the remuneration not in excess of three thousand dollars annually shall be payable for prior service during each year in which the accrued liability for benefit payments created by the abolished system is funded by appropriation from the general fund of the state ~~of Iowa as provided under section 97B-56.~~

Sec. 722. Section 97B.49, subsection 7, Code Supplement 1985, is amended to read as follows:

7. Notwithstanding other provisions of this chapter, a member who is or has been employed as a conservation peace officer under section 107.13 and who retires between July 1, 1978 and June 30, 1982 and at the time of retirement is at least sixty years of age and has completed at least twenty-five years of membership service as a conservation peace officer, may elect to receive, in lieu of the receipt of any benefits under subsection 5 of this section, a monthly retirement allowance equal to one-twelfth of forty-seven percent of the member's five-year average covered wage as a conservation peace officer, with benefits payable during the member's lifetime. For each conservation peace officer eligible for benefits under this subsection who retires on or after July 1, 1982, the percent used in computing the monthly retirement allowance is fifty. There is appropriated from the ~~general fund of the state to the Iowa department of job service from funds not otherwise appropriated~~ state fish and game protection fund to the department of personnel an amount determined by the Iowa public employees' retirement system sufficient to pay ~~eight-end-fatty-three-hundredths-percent~~ for the additional benefits to conservation peace officers provided by this section, as a percentage of the covered wages of each conservation peace officer, in addition to the contribution paid by the employer under section ~~97B.117-to~~

~~finance-increased-benefits-to-conservation-peace-officers under-this-subsection.~~

Sec. 723. Section 978.56, unnumbered paragraph 2, Code 1985, is amended to read as follows:

Commencing July 1, 1967, and each year thereafter, the contributions required to fund the actuarial liabilities from the abolished system shall be determined in accordance with section 978.54. ~~There-is-hereby-appropriated-from-the-general-fund-of-the-state-of-Iowa-the-amount-of-contribution-required-under-said-section-but-not-to-exceed-one-million-dollars-per-biennium--The-amount-of-such-contribution-shall-be-deposited-in-the-retirement-fund-in-two-annual-installments-not-later-than-June-30-of-each-fiscal-year.~~

Sec. 124. Section 123.3, subsection 21, Code Supplement 1985, is amended by striking the subsection.

Sec. 725. Section 123.3, subsection 21, Code Supplement 1985, is amended to read as follows:

27. "Retailer" means any person who shall sell, barter, exchange, offer for sale, or have in possession with intent to sell any alcoholic liquor ~~for-consumption-on-the-premises where-sold, wine, or beer or-wine~~ for consumption either on or off the premises where sold.

Sec. 726. Section 123.16, subsection 2, paragraphs a and c, Code Supplement 1985, as amended by 1986 Iowa Acts, House File 2372, section 5, are amended to read as follows:

a. Purchases of alcoholic liquor ~~and-wine~~ for resale by the department.

c. The establishment of ~~retail~~ wholesale prices of alcoholic liquor ~~and-wine-sold-by-the-department.~~

Sec. 727. Section 123.16, subsection 2, paragraph d, Code Supplement 1985, is amended by striking the paragraph.

Sec. 728. Section 123.20, subsection 5, Code Supplement 1985, is amended to read as follows:

5. To appoint ~~vendors~~ clerks, agents, or other employees required for carrying out the provisions of this chapter: to

dismiss employees for cause: to assign employees to divisions as created by the director within the department division: and to designate their title, duties, and powers. All employees of the department are subject to chapter 19A unless exempt under section 19A.3.

Sec. 729. Section 123.20, subsection 8, Code Supplement 1985, as amended by 1986 Iowa Acts, House File 2372, section h, is amended to read as follows:

8. To accept intoxicating liquors ordered delivered to the Iowa alcoholic beverage control department pursuant to section 127.8, subsection 1, and offer for sale and deliver such intoxicating liquors ~~and-wine-for-sale-through-the-state liquor-stores~~ to class "E" liquor control licensees, unless the director determines that such intoxicating liquors ~~and wine~~ may be adulterated or contaminated. If the director determines that such intoxicating liquors ~~and-wine~~ may be adulterated or contaminated the director shall order their destruction.

Sec. 730. Section 123.20, subsections 2 and 9, Code Supplement 1965, are amended by striking the subsections.

Sec. 731. Section 123.21, subsections 1 and 6, Code Supplement 1985, are amended to read as follows:

1. Prescribing the duties of officers, ~~vendors~~ clerks, agents, or other employees of the department division and regulating their conduct while in the discharge of their duties.

6. Providing for the issuance and distribution of price lists which show the price to be paid by ~~purchasees~~ class "E" liquor control licensees for each brand, class, or variety of liquor kept for sale ~~under-this-chapter~~ by the division, providing for the filing or posting of prices charged in sales between class "A" beer and class "A" wine permit holders and ~~retailers~~, as provided in this chapter, and establishing or controlling the prices based on minimum standards of fill, quantity, or alcoholic content for each individual sale of

intoxicating liquor or beer as deemed necessary for retail or consumer protection. However, the department division ~~does shall not have the authority to~~ regulate markups, prices, discounts, allowances, or other terms of sale at which alcoholic liquor may be purchased by the retail public or liquor control licensees from class "E" liquor control licensees or at which wine may be purchased and sold by class "A" and retail wine permittees, or change, nullify, or vary the terms of any an agreement between a holder of a vintner certificate of compliance and a class "A" wine permittee.

Sec. 732. Section 123.21, subsections 2, 3, and 8, Code Supplement 1985, as amended by 1986 Iowa Acts, House File 2372, section 7, are amended to read as follows:

2. Regulating the management, equipment, and merchandise of state ~~figaar-stares-and~~ warehouses in and from which alcoholic liquors and wine are transported, kept, or sold and prescribing the books and records to be kept therein.

3. Regulating the purchase of alcoholic liquor generally and the furnishing of the liquor and wine to ~~state-liquor states-estabfishcd~~ class "E" liquor control licensees under this chapter, and determining the classes, varieties, and brands of alcoholic liquors and wine to be kept in state warehouses ~~or-for-sale-at-any-state-liquor-store~~.

8. Prescribing, subject to this chapter, the days and hours during which state ~~liquor-stores~~ warehouses shall be kept open for the purpose of the sale and delivery of alcoholic liquors and wine.

Sec. 733. Section 123.22, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

The department division has the exclusive right of importation into the state of all forms of alcoholic liquor; except as otherwise provided in this chapter, and a person shall not import alcoholic liquor, except that an individual of legal age may import and have in the individual's possession an amount of alcoholic liquor not exceeding one

quart or, in the case of alcoholic liquor personally obtained outside the United States, one gallon for personal consumption only in a private home or other private accommodation. No distillery shall sell any alcoholic liquor within the state to any person but only to the department, except as otherwise provided in this chapter. ~~It-is-the-intent-of-this This~~ section ~~to-vest vests~~ in the department division exclusive control within the state both as purchaser and vendat of all alcoholic liquor sold by distilleries within the state or imported, except beer and wine, and except as otherwise provided in this chapter. ~~The-department-may-continue-to purchase-wine-from-persons-holding-a-vintner's-certificate-of compliance-or-a-class-"A"-wine-permit-for-resale-in-state liquor-stores;~~ The division shall act as the sole wholesaler of alcoholic liquor to class "E" liquor control licensees.

Sec. 734. Section 123.24. Code 1985, is amended to read as follows:

123.24 ~~VENDORS----~~CASH-SALES ALCOHOLIC LIQUOR SALES BY THE DIVISION -- DISHONORED CHECKS -- LIQUOR PRICES.

1. ~~In-the-conduct-and-management-of-state-liquor-stores, the-director-is-empowered-to-employ-a-person-who-shall-be known-as-a-"vendor"-who-shall,-subject-to-the-directions-of the-directory,-observe-all-provisions-of-this-chapter-and-the rules-and-regulations-of-the-department--No-vendor-of-any state-liquor-store-shall-sell-alcoholic-liquor-to-any-person except-for-cash-or-traveler's-check;~~ The division shall sell alcoholic liquor at wholesale only. The division shall sell alcoholic liquor to class "E" liquor control licensees only. The division shall offer the same price on alcoholic liquor to all class "E" liquor control licensees without regard for the quantity of Purchase or the distance for delivery.

2. a. ~~Notwithstanding-the-preceding-paragraph,-a-vendor may-accept-from-a-class-"A",- "B",- "C"-or-"D"~~ The division may accept from a class "E" liquor control licensee, a cashier's check which shows the licensee is the remitter or a check

issued by the licensee in payment of alcoholic liquor ~~in-the-event~~ if a check is subsequently dishonored, the ~~render~~ division shall cause a notice of nonpayment and penalty to be served upon the class "E" liquor control licensee or upon any person in charge of the licensed premises. The notice shall state that if payment or satisfaction for the dishonored check is not made within ten days of the service of notice, the licensee's liquor control license shall be ~~suspended by-the-procedures-of~~ under section 123.39. The notice of nonpayment and penalty shall be in a form prescribed by the director, and shall be served by a peace officer.

b. If upon notice and hearing under the ~~procedures specified-in~~ section 123.39 and pursuant to the provisions of chapter 17A concerning a contested case hearing, the director determines that the class "E" liquor control licensee failed to satisfy the obligation for which the check was issued within ten days after the notice of nonpayment and penalty was served on the licensee as provided in paragraph "a" of this subsection, the director shall suspend the licensee's class "E" liquor control license for not less than three days but not more than thirty days.

c. Paragraphs "a" and "b" do not apply if a class "E" liquor control licensee tenders the department division three or more checks during a twelve-month period which are dishonored. Following notification to the department of dishonor of any a check after the second check so dishonored from the same licensee, the director shall suspend a licensee's class "E" liquor control license for not less than three nor more than thirty days, after notice and an opportunity for hearing. Payment of any a check whose dishonor subjects the licensee to suspension does not affect the liability of the licensee to suspension.

3. The price of alcoholic liquor sold by the division shall include a markup of up to sixty percent of the wholesale

price paid by the division for the alcoholic liquor. The markup shall apply to all alcoholic liquor sold by the division; however, the division may increase the markup on selected kinds of alcoholic liquor sold by the division if the average return to the division on all sales of alcoholic liquor does not exceed the wholesale price paid by the division and the sixty percent markup.

Sec. 735. Section 123.25, Code 1985, as amended by 1986 Iowa Acts, House File 2372, section 8, is amended to read as follows:

123.25 CONSUMPTION ON PREMISES.

A- vender^A An officer, clerk, agent, or employee of the department employed in ~~any-state-liquor-store-or~~ a state-owned warehouse shall not allow any alcoholic liquor ~~or-wine~~ to be consumed on the premises, nor shall any a person consume any liquor on the premises except for testing or sampling purposes only.

Sec. 136. Section 123.26, Code 1985, is amended to read as follows:

123.26 RESTRICTIONS ON SALES -- SEALS -- LABELING.

Alcoholic liquor shall not be sold by the department division to a-purchaser a class "E" liquor control licensee except in a sealed container with identifying markers as prescribed by the director and affixed on the premises of a state warehouse ~~or-store~~ and no such container shall be opened upon the premises of a state warehouse ~~or-store~~. Possession of alcoholic liquors which do not carry the prescribed identifying markers is a violation of this chapter except as provided in section 123.22~~,-and-except-as-authorized-by-the council-pursuant-to-section-123.56,-subsection-4.~~

Sec. 737. Section 123.27, Code Supplement 1985, as amended by 1986 Iowa Acts, House File 2372, section 9, is amended to read as follows:

It is unlawful to transact the sale or delivery of alcoholic liquor at-wine in, on, or from the premises of a state ~~liquor-store-or~~ warehouse:

1. After the closing hour as established by the director.
2. On any legal holiday except those designated by the director and approved by the executive council.
3. On any Sunday.
4. During other periods or days as designated by the director.

Sec. 738. Section 123.28, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

It is lawful to transport, carry, or convey alcoholic liquors from the place of purchase by the department division to a state warehouse?store7 or depot established by the department division or from one such place to another and, when so permitted by this chapter, it is lawful for the division, a common carrier, or other person to transport, carry, or convey alcoholic liquor sold by a vendor from a state warehouse, store, depot, or point of purchase by the state to any place to which the liquor may be lawfully delivered under this chapter. The department shall deliver alcoholic liquor purchased by class "E" liquor control licensees. Class "E" liquor control licensees may deliver alcoholic liquor purchased by class "A", "B", or "C" liquor control licensees, and class "A", "B", or "C" liquor control licensees may transport alcoholic liquor purchased from class "E" liquor control licensees. Notwithstanding section 321.230, sections 321.225 and 321.226 do not apply to department division employees in the regular course of their employment. A common carrier or other person shall not break or open or allow to be broken or opened a container or package containing alcoholic liquor or use or drink or allow to be used or drunk any alcoholic liquor while it is being transported or conveyed, but this section does not prohibit a private person from transporting individual bottles or containers of alcoholic liquor exempted pursuant to section 123.22 and individual bottles or containers bearing the identifying mark prescribed in section 123.26 which have been

opened previous to the commencement of the transportation. This section does not affect the right of a special permit or liquor control license holder to purchase, possess, or transport alcoholic liquors subject to the provisions of this chapter.

Sec. 739. Section 123.29, subsections 1 and 2, Code Supplement 1985, are amended to read as follows:

1. To a physician, pharmacist, dentist, or veterinarian, entitling the holder to purchase and import alcohol from distillers and wholesalers or from the state-liquor-stores department or a class "E" liquor control licensee for use medicinally and in compounding prescriptions and to sell the same alcohol for use medicinally in the compounded prescription only upon the prescription of a licensed physician or surgeon, or to use sack the alcohol in manufacturing or compounding lotions, compounds, and like commodities not susceptible for beverage purposes, and to sell the same commodities for public use.

2. To a veterans home, sanitarium, hospital, college, or home for the aged which will entitle the holder to purchase and import alcohol from distillers and wholesalers or from the state-liquor-stores division or a class "E" liquor control licensee for use for medicinal, laboratory, and scientific purposes only.

Sec. 740. Section 123.29, unnumbered paragraph 5, Code Supplement 1985, is amended to read as follows:

Every person holding a special liquor permit under this chapter shall fill out in duplicate, on forms furnished by the department, the amount and kinds of liquors purchased, and shall retain one copy in the person's establishment for a period of two years. The vendor-of-the-state-liquor-store-at which class "E" liquor control licensee from whom the purchase was made shall monthly forward the other copy to the department.

Sec. 741. Section 123.30, subsection 3, paragraphs a, b, and c, Code Supplement 1985, are amended to read as follows:

a. CLASS "A". A class "A" liquor control license may be issued to a club and shall authorize the holder to purchase alcoholic liquors from class "E" liquor control licensees only the-department, wine from the-department-or class "A" wine permittees only, and native wines from native wine manufacturers, and to sell liquors, wine, and beer, to bona fide members and their guests by the individual drink for consumption on the premises only.

b. CLASS "B". A class "B" liquor control license may be issued to a hotel or motel and shall authorize the holder to purchase alcoholic liquors from class "E" liquor control licensees only the-department, wine from the-department-or class "A" wine permittees only, and native wines from native wine manufacturers, and to sell liquors, wine, and beer, to patrons by the individual drink for consumption on the premises only, ~~however~~, However, beer may also be sold for consumption off the premises. Each license shall be effective throughout the premises described in the application.

c. CLASS "C". A class "C" liquor control license may be issued to a commercial establishment but must be issued in the name of the individuals who actually own the entire business and shall authorize the holder to purchase alcoholic liquors from class "E" liquor control licensees only the-department, wine from the-department-or class "A" wine permittees only, and native wines from native wine manufacturers, and to sell liquors, wine, and beer, to patrons by the individual drink for consumption on the premises only, ~~however~~, However, beer may also be sold for consumption off the premises.

A special class "C" liquor control license may be issued and shall authorize the holder to purchase wine from the department-or class "A" wine permittees only, and to sell wine and beer to patrons by the individual drink for consumption on the premises only, ~~however~~, However, beer may also be sold

for consumption off the premises. The license issued to holders of a special class "C" license shall clearly state on its face that the license is limited.

Sec. 742. Section 123.30, subsection 3, Code Supplement 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. e. CLASS "E". A class "E" liquor control license may be issued and shall authorize the holder to purchase alcoholic liquor from the division only and to sell the alcoholic liquor to patrons for consumption off the licensed premise and to other liquor control licensees. A class "E" license shall not be issued to premises at which gasoline is sold. A holder of a class "E" liquor control license may hold other liquor control licenses or wine or beer permits, but the premises licensed under a class "E" liquor control license shall be separate from other licensed premises. However, the holder of a class "E" liquor control license may also hold a class "B" wine or class "C" beer permit or both for the premises licensed under a class "E" liquor control license.

Sec. 743. Section 123.32, subsection 1, Code Supplement 1985, is amended to read as follows:

1. Filing of application. An application for a class "A", class "B", or class "C", or class "E" liquor control license, for a retail beer permit as provided in sections 123.128 and 123.129, or for a class "B" retail wine permit as provided in section 123.176, accompanied by the required fee and bond, shall be filed with the appropriate city council if the premises for which the license or permit is sought are located within the corporate limits of a city, or with the board of supervisors if the premises for which the license or permit is sought are located outside the corporate limits of a city. An application for a class "D" liquor control license and for a class "A" beer or class "A" wine permit, accompanied by the required fee and bond, shall be filed with the department,

which shall proceed in the same manner as in the case of an application approved by local authorities.

Sec. 744. Section 123.36, Code Supplement 1985, is amended by adding the following new subsections:

NEW SUBSECTION. 9. Class "E" liquor control license, a sum of not less than seven hundred and fifty dollars, and not more than seven thousand five hundred dollars as determined on a sliding scale as established by the division taking into account the factors of square footage of the licensed premises, the location of the licensed premises, and the population of the area of the location of the licensed premises. Notwithstanding subsection 6, the holder of a class "E" liquor control license may sell alcoholic liquor for consumption off the licensed premises on Sunday subject to section 123.49, subsection 2, paragraph "b".

NEW SUBSECTION. 10. There is imposed a surcharge on the fee for each class "A", "B", or "C" liquor control license equal to thirty percent of the scheduled license fee. The surcharges collected under this section shall be deposited in the beer and liquor control fund, and notwithstanding subsection 8, no portion of the surcharges collected under this section shall be remitted to the local authority.

Sec. 745. Section 123.50, subsection 5, Code Supplement 1985, is amended by striking the subsection.

Sec. 746. Section 123.51, Code Supplement 1985, is amended to read as follows:

123.51 ADVERTISEMENTS FOR ALCOHOLIC LIQUOR, WINE, OR BEER.

~~1. Except as permitted by federal statute and regulations, there shall be no public advertisement or advertising of alcoholic liquors in any manner or form within the state.~~

~~2. No person shall publish, exhibit, or display or permit to be displayed any other advertisement or form of advertisement, or announcement, publication, or price list of, or concerning any alcoholic liquors, or where, or from whom the same may be purchased or obtained, unless permitted so to~~

~~do by the regulations adopted by the department and then only in strict accordance with such regulations. This subsection shall not apply, however:~~

~~a. To the departments~~

~~b. To the correspondence, or telegrams, or general communications of the department, or its agents, servants, and employees;~~

~~c. To the receipt or transmission of a telegram or telegraphic copy in the ordinary course of the business of agents, servants, or employees of any telegraph company;~~

3. No signs or other matter advertising any brand of alcoholic liquor, beer, or wine shall be erected or placed upon the outside of any premises occupied by a licensee or permittee authorized to sell alcoholic liquor, beer, or wine at retail. This subsection does not prohibit the use of signs or other matter inside a fence or similar enclosure which wholly or partially surrounds the licensed premises.

2. A person shall not advertise the price or selection of alcoholic liquor for sale at retail other than within premises operated under a liquor control license.

4. Violation of this section shall be is a simple misdemeanor.

Sec. 747. Section 123.53, subsections 3, 7, and 8, Code Supplement 1985, are amended to read as follows:

3. The treasurer of state shall semiannually distribute a sum of money equal to at least ten percent of the gross sales made by the state-liquor-stores division but not less than six million four hundred thousand dollars to the cities of the state. Such The amount shall be distributed to the cities of the state in proportion to the population that each incorporated city bears to the total population of all incorporated cities of the state as computed by the latest federal census. A city may have one special federal census taken each decade, and the population figure thus obtained shall be used in apportioning amounts under this subsection

beginning the calendar year following the year in which the special census is certified by the secretary of state. **Such** ~~The~~ apportionment shall be made semiannually as of July 1 and January 1 of each year. Warrants for the same apportionment shall be issued by the ~~state-comptroller~~ director of revenue and finance upon certification of the treasurer of state and mailed to the city clerk of each incorporated city of the state and shall be made payable to ~~such the~~ incorporated city and ~~shall-be are~~ subject to expenditure under the direction of the city council or other governing bodies of ~~such the~~ incorporated city for any lawful municipal purpose. It ~~shall~~ be is a lawful municipal purpose for cities to allocate a portion of the ~~above-funds moneys received~~ for the purpose of financing the activities of a city ~~commission or committee on~~ alcoholism, ~~such-commission-or-committee~~ to be appointed by the mayor or by the council or both. The commission or committee may use any funds so allocated for the treatment, rehabilitation, and education of alcoholics in Iowa.

7. The treasurer of state shall credit to the military service tax fund described in chapter 426A, a sum of money equal to at least five percent of the gross amount of sales made by ~~the state-liquor-stores-in-the-cities-of-the-state~~ division out not less than six million four hundred thousand dollars. Any amount thus credited shall be allocated to the various taxing districts of the state as reimbursement for losses ~~of~~ revenue due to exemption or remission of property taxes which would be imposed upon property upon which soldiers' exemptions or soldiers' tax credits are provided under ~~such~~ terms as the general assembly ~~may-provide~~ provides.

8. The treasurer of state shall transfer into a special revenue account in the general fund of the state, a sum of money at least equal to seven percent of the gross amount of sales made by the ~~state-liquor-stores-in-the-cities-of-the~~ state division from the beer and liquor control fund on a monthly basis but not less than nine million dollars annually,

and any amounts so transferred shall be used by the **department of substance abuse division of the department of public health** for substance abuse treatment and prevention programs in an amount determined by the general assembly and any amounts received in excess of the amounts appropriated to the ~~department-of~~ substance abuse division of the department of public health shall be considered part of the general fund balance. ~~This-subsection-is-repealed-June-30-1987-~~

Sec. 748. Section 123.55, Code Supplement 1985, is amended to read as follows:

123.55 ANNUAL REPORT.

The council shall cause **to be** prepared an annual report to the governor of the state, ending with June 30 of each year, showing fully the results of the operations of the department covering the period since the last previous report. Such report shall show:

1. Amount of profit or loss from ~~state-liquor-store~~ division operations.

~~2--Number-of-state-liquor-stores-opened-the-number closed-and-the-number-operating-on-last-day-included-in report-~~

~~3--Amount-of-fees-received-from-such-stores-separately and-in-gross?~~

4 2. The current balance of the beer and liquor control fund, and the amount transferred from ~~such the~~ fund to the treasurer of state during the period covered by the report.

5 3. All other funds on hand and the source from which derived.

6 4. The total quantity and particular kind of alcoholic liquor sold.

7 5. The increase or decrease of liquor sales from the previous reporting period.

8 6. The number of liquor control licenses, wine permits, and beer permits issued, by class, the number in effect on the last day included in ~~the~~ report, and the number which have

been suspended or revoked during the period covered by the report.

9 7. Amount of fees paid to the department divisicn from liquor control licenses, wine permits, and beer permits, in gross, and the amount of liquor control license fees returned to local subdivisions of government as provided under this chapter.

Sec. 749. Section 123.57, Code 1985, is amended to read as follows:

123.57 EXAMINATION OF ACCOUNTS.

The financial condition and transactions of all offices, departments, ~~stores~~, warehouses, and depots of the department division shall be examined at least once each year by the state auditor and at shorter periods if requested by the director, governor, or executive council.

Sec. 750. Section 123.58, Code 1985, is amended to read as follows:

123.58 AUDITING.

All provisions of sections 11.6, 11.7, 11.10, 11.11, 11.14, 11.18, 11.21, and 11.23, relating to auditing of financial records of governmental subdivisions which are not inconsistent herewith with this chapter are hereby ~~made~~ applicable to the department division and its offices, ~~stores~~, warehouses, and depots.

Sec. 751. Section 123.136, unnumbered paragraph 1, Code 1985, is amended to read as follows:

In addition to the annual permit fee to be paid by all class "A" permittees under the provisions of this chapter there shall be levied and collected from such permittees on all beer manufactured for sale or sold in this state at wholesale and on all beer imported into this state for sale at wholesale and sold in this state at wholesale, a tax of ~~four~~ five and thirty ~~four~~ eighty-nine hundredths dollars for every barrel containing thirty-one gallons, and at a like rate for any other quantity or for the fractional part of a barrel.

However, no tax shall be levied or collected on beer shipped outside this state by a class "A" permittee or sold by one class "A" permittee to another class "A" permittee.

Sec. 752. Section 123.178, subsection 3, Code Supplement 1985, is amended to read as follows:

3. A person holding a class "B" wine permit may purchase wine for resale only from ~~the department~~ from a person holding a class "A" wine permit.

Sec. 753. Section 123.183, Code Supplement 1985, is amended to read as follows:

123.183 WINE GALLONAGE TAX.

In addition to the annual permit fee to be paid by each class "A" wine permittee, there shall be levied and collected from each class "A" wine permittee on all wine manufactured for sale and sold in this state at wholesale and on all wine imported into this state for sale at wholesale and sold in this state at wholesale, a tax of one dollar and fifty ~~seventy-five~~ cents for every wine gallon and a like rate for the fractional parts of a wine gallon. A tax shall not be levied or collected on wine sold by one class "A" wine permittee to another class "A" wine permittee. Revenue derived from the wine tax collected on wine manufactured for sale and sold in this state shall be deposited in the gallonage tax fund hereby created in the office of the treasurer of state. All other revenue derived from the wine tax shall be deposited in the liquor control fund established by section 123.53 and shall be transferred by the state comptroller to the general fund of the state. ~~The price of wine sold or offered for sale in state liquor stores which was not purchased by the department from a class "A" wine permittee shall include a markup over the wholesale price at least equal to the tax levied under this section.~~

Sec. 754. Section 123.48, Code 1985, and sections 123.23 and 123.96, Code Supplement 1985, are repealed.

H F. 2484

Sec. 755. The alcoholic beverages control division of the department of commerce shall establish a program for employees of the division whose positions are terminated as a result of this Act and who do not qualify for or who choose not to accept early retirement. The program shall provide retraining for other positions within the division or otherwise within state government. The division shall give a preference to qualified persons previously employed by the division whose jobs were terminated as a result of this Act when hiring to fill vacant positions within the division. If after exhausting the requirements of collective bargaining agreements a vacancy still exists in any other state department, the other state department shall give preference to qualified persons previously employed by the alcoholic beverage control division whose jobs were terminated as a result of this Act.

Sec. 756. The alcoholic beverages control division of the department of commerce shall adopt reasonable procedures to expedite the release of lease obligations and to otherwise minimize expenses incurred as a result of this Act. The division shall continue to operate one or more state liquor stores after June 30, 1986 for the purpose of ensuring an efficient and orderly transition to a system of private retailers. The division shall not close a state liquor store before June 30, 1987 unless a class "E" liquor control licensee begins operations within the particular store's market area. However, the division shall not operate a liquor store after June 30, 1987. However, the division shall not operate a state liquor store after June 30, 1987. The provisions of the Code concerning the operation of state liquor stores shall remain in effect to the extent applicable in the form as they existed prior to the effective date of this Act and they shall so remain in effect until the division ceases operation of any liquor stores. The division shall maintain the existing warehouse distribution personnel for the transition period of July 1, 1986 through June 30, 1987.

Sec. 757. Effective July 1, 1986 the division shall cease offering for sale and selling wine at wholesale to liquor control licensees and class "B" wine permittees. The state shall continue to sell wine at retail to purchasers at state liquor stores as provided by this Act.

Sec. 758. Notwithstanding section 742 of this Act which creates a new lettered paragraph "e" to section 123.30, subsection 3, Code Supplement 1985, a person operating an agency store may obtain a class "E" liquor control license for the premises designated as an agency store despite the fact that gasoline is also sold on the premises.

Sec. 759. The division shall not contract for any other agency stores nor allow the operation of any other agency stores other than those agency stores operating on May 1, 1986.

Sec. 760. No state liquor store shall be discontinued before March 1, 1987 and no class "E" liquor control licensee shall be allowed to begin doing business before March 1, 1987. However, the division shall not operate a liquor store after June 30, 1987.

Sec. 761. The division shall adopt rules prior to October 1, 1986 for the approval of applications for class "E" liquor control licenses.

Sec. 762. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the department of public defense, the following amounts, or so much thereof as necessary, to be used for the purposes designated:

	1986-1987
	<u>Fiscal Year</u>
1. For salaries, support, maintenance, and miscellaneous purposes	\$ 3,191,828
Notwithstanding section 29A.33, the per capita annual allowance to units will be five dollars per capita to be paid	

on a semiannual basis in installments of two dollars fifty cents per capita for the fiscal year beginning July 1, 1986 and ending June 30, 1987. The per capita allowance shall be used for morale purposes and be for the welfare of the troops and in no circumstances expended for support and maintenance.

2. For the war orphans educational aid fund \$ 14,278

Sec. 763. NEW SECTION. 477A.1 DEFINITIONS.

As used in this chapter unless the context otherwise requires:

- 1. "911 service" means a service which provides the user of a public telephone system the ability to reach a public safety answering point by dialing the digits 9-1-1.
- 2. "Public agency" means the state government and any unit of local government or special purpose district located in whole or in part within the state that provides or has authority to provide fire fighting, law enforcement, ambulance, medical, or other emergency services.
- 3. "Public safety agency" means a functional unit of a public agency that provides fire fighting, law enforcement, ambulance, medical, or other emergency services.
- 4. "Private safety entity" means a private entity which provides emergency fire, ambulance, or medical services whether by full or part-time employees or on a volunteer basis.
- 5. "Public safety answering point" means a communications facility operated on a twenty-four hour basis and serving participating jurisdictions, that initially receives 911 calls and either directly dispatches emergency response services, or relays the calls to the appropriate public safety agency.
- 6. "Commission" means the state emergency telephone number commission established by section 4778.3.

Sec. 764. NEW SECTION. 477A.2 911 SERVICE.

1. After the effective date of this Act, when 911 service is established in a service area each public agency, public

safety agency, and private safety entity serving territory within the service area shall participate in providing the 911 service. The 911 service shall be established according to a written plan which has the written approval of the governing bodies of each public agency, public safety agency, and private safety entity serving territory within the 911 service area.

2. This chapter does not prohibit or discourage participation in or the provision of 911 service covering the territory of more than one public agency, public safety agency, or private safety entity. A system established pursuant to this section may serve the territory of more than one public agency, public safety agency, or private safety entity or may include a part of their respective territories. Public agencies, public safety agencies, and private safety entities may enter into agreements under chapter 28E to provide 911 service.

3. The digits "911" shall be the primary emergency telephone number within the 911 service areas established under this section. A public safety agency or a private safety entity whose services are available through a 911 system may maintain a separate secondary backup number for emergencies, and shall maintain a separate number for nonemergency telephone calls.

4. A 911 system shall be capable of transmitting requests for law enforcement, fire fighting, and emergency medical and ambulance services to a public safety agency or agencies that provide the requested service at the place where the call originates. A 911 system may also provide for transmitting requests for disaster services, poison control, suicide prevention, and other emergency services. The public safety answering point shall be capable of receiving calls from hearing impaired persons through a telecommunications device for the deaf. Conferencing capability with counseling, aid to handicapped, and other services as deemed necessary for

identifying appropriate emergency response services may be provided by the 911 service.

A public safety answering point may transmit emergency response requests to private safety entities.

Sec. 765. NEW SECTION. 4778.3 STATE EMERGENCY TELEPHONE NUMBER COMMISSION CREATED.

The state emergency telephone number commission is created in the office of disaster services of the department of public defense. The director of the office of disaster services shall serve as chairperson of the commission. The office of disaster services shall provide the meeting facilities for the commission. The division of communications, department of general services, shall provide administrative and technical support for the commission with the support of the staff of the respective members of the commission. The members of the commission are as follows:

1. One person appointed by the commissioner of public safety.
2. One person appointed by the league of Iowa municipalities.
3. One person appointed by the Iowa state association of counties.
4. One person appointed by the legislative communications review committee.
5. One person from the Iowa commerce commission.
6. Twelve persons appointed by the governor as follows:
 - a. Two persons representing fire departments, one representing a paid fire department and the other representing a volunteer fire department.
 - b. Two persons representing city police departments, one representing a city with a population of fifty thousand or more, and the other from a smaller city.
 - c. Two persons representing county sheriff departments, one representing a county with a population of twenty-five thousand or more, and the other representing a smaller county.

d. Two persons representing emergency ambulance and medical service departments, one representing a public ambulance and medical service, and the other representing a private ambulance and medical service.

e. Two persons representing exchange carriers providing public telephone service in Iowa, one representing a telephone company subject to rate regulation under section 476.1 and one representing a telephone company that is not subject to rate regulation under section 476.1.

f. Two persons who are qualified by education or employment experience to evaluate alternative financing methods.

Vacancies shall be filled in the same manner as the original appointments are made. Terms shall commence upon appointment and shall run until the commission is abolished by repeal.

Sec. 766. NEW SECTION. 477A.4 MEETINGS.

1. The chairperson shall call the first meeting of the commission within thirty days of the appointment of the members. A majority of the members of the commission constitute a quorum and the concurrence of a quorum is required on any question relating to the commission's official duties. Commission members shall serve without compensation. Members who are not government employees shall be reimbursed from funds appropriated in section 7 of this Act for actual expenses incurred in the performance of duties. The commission shall meet as necessary, but at least once each month until the report required by section 477A.5 is completed.

2. Public agencies and exchange carriers providing public telephone service in Iowa shall cooperate, within time, personnel, and budgetary limitations, in providing information, data, surveys, and studies as requested by the commission,

3. The commission may apply for, receive, and expend any private or public funds to implement this chapter.

4. The commission shall hold public hearings, prior to making its recommendations to the general assembly, and shall provide Iowans with information on 911 service to stimulate public interest and comment.

Sec. 767. NEW SECTION. 477A.5 RECOMMENDATIONS TO GENERAL ASSEMBLY.

The commission shall submit a written report and recommendations for an overall plan to implement 911 service to the general assembly not later than January 10, 1987. The recommendations shall include, but are not limited to:

1. The responsibilities that should be assumed by state and local public agencies and public safety agencies and by exchange carriers providing public telephone service in implementing statewide 911 service.

2. The size of 911 service areas necessary to operate effectively and to achieve economies of scale and the local government coordination necessary to establish 911 service.

3. Whether it is necessary or desirable for an existing or new state agency to be given the responsibility for monitoring, reviewing, supervising, or coordinating the implementation of statewide 911 service.

4. The equipment, capability and operational standards that should be established for 911 service, including procedures for transmitting calls, that will result in the shortest response time in emergencies and the best service to the public.

5. An estimate of the cost to state and local public agencies to plan, implement, and operate 911 systems throughout the state. The cost reported should indicate the current costs of telephone and related services as well as the incremental costs of 911 implementation.

6. Whether it is necessary or desirable for the general assembly to establish a deadline by which every public agency

and public or private safety agency must establish or participate in 911 service.

7. Whether it is necessary or desirable for the general assembly to allow a public agency or utility to seek a waiver of all or some of the time limits for implementing 911 service.

8. Identification and listing of all existing federal, state, local, and private funding sources available for implementation of 911 service. The report shall discuss the merits of alternative methods of collecting the necessary revenues including an increase in taxes, an imposition of a surcharge on the amounts paid by every person in the state for intrastate telephone service, and combinations of these methods.

9. How public agency costs for the planning, installation, and continued operation of the 911 system should be met and from which sources.

10. Legislation needed to implement statewide 911 services.

Sec. 768. NEW SECTION. 477A.6 REPEAL.

Sections 477A.3 through 477A.6 are repealed effective six years from the effective date of this Act.

Sec. 769. There is appropriated to the office of disaster services from the general fund the sum of five thousand (5,000) dollars for the purposes of sections 477A.1 to 477A.5.

Sec. 770. Section 8.33, unnumbered paragraph 2, Code 1985, is amended to read as follows:

No payment of an obligation for goods and services shall be charged to an appropriation subsequent to the last day of the fiscal term for which the appropriation is made unless such goods or services are received on or before ~~September-15~~ the last day of the ~~following~~ fiscal year. except that repair projects, purchase of specialized equipment and furnishings, and other contracts for services and capital expenditures for the purchase of land or the erection of buildings or new

construction or remodeling, which were committed and in progress prior to the end of the fiscal term are excluded from this provision.

Sec. 771. Section 29A.9, unnumbered paragraph 2, Code 1985, is amended to read as follows:

The governor shall also provide for the participation of the national guard, or any part of it, in training at such times and places as designated-by-the-secretary-of-defense necessary to insure readiness for public defense or federal service.

Sec. 772. Section 18.117, Code 1985, is amended to read as follows:

18.117 PRIVATE USE -- RATE FOR STATE BUSINESS.

A state officer or ~~employee~~ shall not use a state-owned motor vehicle for personal private use, nor shall the officer or employee be compensated for driving a privately owned motor vehicle unless it is done on state business with the approval of the state vehicle dispatcher, and in that case the officer or employee shall receive ~~twenty-two-cents-per-mile-effective July-17-1981-and-twenty-four~~ twenty-one cents per mile ~~effective-July-17-1982.~~ A statutory provision stipulating necessary mileage, travel, or actual expenses reimbursement to a state officer falls under the mileage reimbursement limitation provided in this section unless specifically provided otherwise. Any peace officer employed by the state as defined in section 801.4 who is required to use a private vehicle in the performance of official duties shall receive reimbursement for mileage expense at the rate specified in this section. However, the state vehicle dispatcher may delegate authority to officials of the state, and department heads, for the use of private vehicles on state business up to a yearly mileage figure established by the director of general services and approved by the executive council. If a state motor vehicle has been assigned to a state officer or ~~employee~~, ~~the~~ officer or ~~employee~~ shall not collect mileage

for the use of a privately owned vehicle unless the state vehicle assigned is not usable.

This section does not apply to officials and employees of the state whose mileage is paid by other than state agencies and this section does not apply to elected officers of the state, judicial officers, or court employees.

Sec. 773. Section 79.9, Code 1985, is amended to read as follows:

79.9 CHARGE FOR USE OF AUTOMOBILE BY OTHER THAN STATE OFFICER OR EMPLOYEE.

When a public officer or employee, other than a state officer or employee, is entitled to be paid for expenses in performing a public duty, a charge shall be made, allowed and paid for the use of an automobile, as determined by the local governing body, in an amount not exceeding twenty-two-cents ~~per-mile-for-actual-and-necessary-travel-effective-July-17-1983s-end-in-an-amount-not-exceeding-twenty-four~~ twenty-one cents per mile ~~effective-July-17-1982.~~ A statutory provision stipulating necessary mileage, travel, or actual reimbursement to a local public officer or employee falls within the mileage reimbursement limitation specified in this section unless specifically provided otherwise. A political subdivision may authorize the use of private vehicles for the conduct of official business of the political subdivision at an annual amount in lieu of actual and necessary travel expense reimbursement provided in this section. A peace officer, other than a state officer or employee, as defined in section 801.4 who is required to use a private vehicle in the performance of official duties shall receive reimbursement for mileage expense at the rate specified in this section.

Sec. 774. If after exhausting the requirements of collective bargaining agreements a ~~vacancy~~ still exists in any other state department or agency, the other state department or agency shall give preference to qualified persons previously employed by the executive branch of state

government whose jobs are terminated as a result of reorganization.

Sec. 775. Section 331.404, Code 1985, is repealed.

Sec. **776**. All federal grants to and the federal receipts of the agencies appropriated funds under this division of this Act, not otherwise appropriated, are appropriated for the purposes set forth in the federal grants or receipts unless otherwise provided by the general assembly.

Sec. **777**. Section **770** of this Act is retroactive to March 1, 1986.

Sec. **778**. Section 144 **of** this Act takes effect retroactive to April 30, **1986**.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File **2484**, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

H. F 2484



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319

515 281-5211

May 31, 1986

The Honorable Mary Jane Odell
Secretary of State
State Capitol Building
LOCAL

Dear Madam Secretary:

I hereby transmit House File 2484, an act relating to and making appropriations to agencies, boards, commissions, departments, and programs of state government and making certain provisions retroactive.

House File 2484 is approved May 31, 1986 with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as paragraphs 2, 3 and 4, of Section 1, subsection 2, which reads as follows:

Of the funds appropriated by this subsection, one hundred thousand (100,000) dollars, or so much thereof as is necessary, shall be expended to develop a state tourism marketing plan. The plan shall be provided to the legislative council upon completion. Of the funds appropriated by this subsection, one million (1,000,000) dollars shall not be expended prior to the completion of the state tourism marketing plan and presentation of the plan to the legislative council.

There is created a tourism marketing plan task force. The director of the department of economic development or the director's designee shall serve as chairperson of the tourism marketing plan task force. The task force shall consist of five members. The director shall appoint a representative of the state conservation commission, a representative of the recreation, tourism, and leisure study committee, a representative of the department of cultural affairs, and a representative of the tourism industry from the private sector.

The Honorable Mary Jane Odell
May 31, 1986
Page 2

The task force shall develop guidelines for the preparation of a comprehensive statewide tourism marketing plan and tourism information delivery system plan, recommendations from which shall be submitted by the task force to the legislative council for the release of withheld funds.

Section 1, Subsection 2, of House File 2484 appropriates \$1.4 million for tourism promotion programs to the Iowa Department of Economic Development. I am disappointed that the legislature did not adopt my recommendation to provide \$2.6 million in tourism promotion money. These additional funds could be used to promote tourism attractions in the state of Iowa.

Nevertheless, the increased appropriation by the General Assembly is welcomed and will provide an immediate economic stimulus to the state of Iowa.

I cannot approve, however, language which is included in this appropriation which would hamstring the department and the expenditure of the tourism funds. The department already has a successful plan in place for tourism marketing promotion. Last year that plan resulted in a 20% increase in tourism spending. Tourism requests are already up almost 10% in Iowa. What is needed now is funding to provide the tools to implement that existing marketing plan. In order to avoid an unnecessary and unwise delay in the expenditure of tourism marketing funds, I am disapproving language which would prevent the immediate implementation of our tourism marketing efforts.

I am unable to approve Section 15 in its entirety.

Section 15 directs the Department of Transportation to establish an additional permit center at the junction of Iowa highways 151, 61 and 52. However, there is no convenience to the industry or efficiency in government to be gained by opening another center. For over 10 years, truckers have been able to pick up a telephone, make one call to the existing 24-hour center and have all necessary permits transmitted by wire anywhere they wish in the country. A consensus of the Department of Transportation's Motor Carrier Advisory Committee (composed of members of the industry and related businesses) is that the section should be vetoed. Moreover, many truck stop operators use permit transmittals as a business enhancement and could view this as more government intrusion.

The Honorable Mary Jane Odell

May 31, 1986

Page 3

The restructuring bill appropriately maintains the authority of the Department of Transportation Commission to **make** the decisions affecting these matters. This section would inappropriately involve the legislature in those decisions. For those reasons I hereby disapprove Section 15 of House File 2484.

I disapprove a portion of Section 110, Subsection 1.a, which reads as follows:

The state board of regents shall not assess charges to the three institutions of higher education under the control of the state board for fiscal year beginning July 1, 1986, in excess of the charges to the three institutions assessed and approved by the state board as of April 1, 1986 for the fiscal year ending June 30, 1986.

Section 110 of House File 2484 includes a provision which **limits** the ability of the State Board of Regents to secure funding. The state board serves a critical role coordinating the efforts of the three public institutions of higher education and applying appropriate public policy input into the decision-making process. In order to discharge their governance responsibilities appropriately, the Board of Regents' office needs the flexibility. This language could prevent the office from providing the services and the management that we expect from a governing board and is therefore disapproved.

I hereby disapprove Section 138 in its entirety.

Section 138 of House File 2484 includes a substantial change in the method to reimburse parents for non-public transportation. I am a strong supporter of such a reimbursement. And, I am concerned that this change will limit the availability of this reimbursement for some families. The present reimbursement system is working appropriately and has been funded adequately. With the disapproval of this section, we will be able to maintain the current system and ensure funds for the reimbursement of non-public school parents.

The Honorable Mary Jane Odell
May 31, 1986
Page 4

For the above reasons, I hereby respectfully disapprove of these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2484 are hereby approved as of this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry E. Branstad". The signature is fluid and cursive, with a large loop at the end of the last name.

Terry E. Branstad
Governor

TEB:cd

cc: Secretary of the Senate
Chief Clerk of the House

HOUSE FILE 2490

a newspaper published in Fort Dodge, Iowa, and in the North Iowa Times. a newspaper published in McGregor, Iowa.

AN ACT

TO APPROPRIATE MONEYS TO THE DEPARTMENT OF JUSTICE FOR FARM MEDIATION SERVICES AND THE JUDICIAL DEPARTMENT TO FUND A TORT LIABILITY LITIGATION STUDY FOR THE FISCAL YEAR BEGINNING JULY 1, 1985 AND ENDING JUNE 30, 1986.

DONALD D. AVENSON
Speaker of the House

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

ROBERT T. ANDERSON
President of the Senate

Section 1. There is appropriated from the general fund of the state to the department of justice the sum of fifty thousand (50,000) dollars for the fiscal year beginning July 1, 1985 and ending June 30, 1986, for the administrative costs of the farm mediation service administered by the farm crisis program coordinator. The amounts appropriated under this section are not subject to section 8.33.

I hereby certify that this bill originated in the House and is known as House File 2490, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Sec. 2. The judicial department shall compile information relating to tort liability litigation, including but not limited to the numbers and types of petitions filed and the numbers and amounts of judgments rendered in the various types of cases, for the period of July 1, 1983 through July 1, 1986, and for such period prior to July 1, 1983 as the department determines to be feasible, and shall report such information to the legislative council by September 15, 1986. The judicial department is authorized to contract for the information compilation required under this section.

Approved _____, 1986

TERRY E. BRANSTAD
Governor

Sec. 3. There is appropriated from the general fund of the state to the judicial department for the fiscal year beginning July 1, 1986 and ending June 30, 1987 the sum of sixty thousand (60,000) dollars, or so much thereof as is necessary, for the use of the study referred to in section 2 of this Act.

Sec. 4. This Act, being deemed of immediate importance, takes effect from and after its publication in The Messenger,

HOUSE FILE 2491

AN ACT

RELATING TO LIMITING THE AMOUNT OF TAXES OWED AND EXCLUDING
UNDER CERTAIN CONDITIONS INCOME OR LOSS FROM CERTAIN TRANS-
ACTIONS FOR PURPOSES OF DETERMINING THE STATE INDIVIDUAL
INCOME TAX AND PROVIDING A RETROACTIVE EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.5, Code supplement 1985, is amended
by adding the following new subsection:

NEW SUBSECTION. The state income tax of a taxpayer whose
net income includes the gain or loss from the forfeiture of an
installment real estate contract, the transfer of real or
personal property securing a debt to a creditor in
cancellation of that debt, or from the sale or exchange of
property as a result of actual notice of foreclosure where the
fair market value of the taxpayer's assets exceeds the
taxpayer's liabilities immediately before such forfeiture,
transfer, or sale or exchange shall not be greater than such
excess, including any asset transferred within one hundred
twenty days prior to such forfeiture, transfer, or sale or
exchange. For purposes of this subsection, in the case of
married taxpayers, except in the case of a husband and wife
who live apart at all times during the tax year, the assets
and liabilities of both spouses shall be considered in
determining if the fair market value of the taxpayer's assets
exceed the taxpayer's liabilities.

Sec. 2. Section 422.7, Code Supplement 1985, is amended by
adding the following new subsection:

NEW SUBSECTION. Subtract the income or loss resulting from
the forfeiture of an installment real estate contract, the
transfer of real or personal property securing a debt to a
creditor in cancellation of that debt, or from the sale or
exchange of property as a result of actual notice of
foreclosure if all of the following conditions are met:

- a. The forfeiture, transfer, or sale or exchange was done
for the purpose of establishing a positive cash flow.
- b. Immediately before the forfeiture, transfer, or sale or
exchange, the taxpayer's debt to asset ratio exceeded ninety
percent as computed under generally accepted accounting
practices.

- c. The taxpayer's net worth at the end of the tax year is
less than seventy-five thousand dollars. In determining a
taxpayer's net worth at the end of the tax year a taxpayer
shall include any asset transferred within one hundred twenty
days prior to the end of the tax year without adequate and
full consideration in money or money's worth. In determining
the taxpayer's debt to asset ratio, the taxpayer shall include
any asset transferred within one hundred twenty days prior to
such forfeiture, transfer, or sale or exchange without
adequate and full consideration in money or money's worth.
For purposes of this subsection, actual notice of foreclosure
includes, but is not limited to, bankruptcy or written notice
from a creditor of the creditor's intent to foreclose where
there is a reasonable belief that the creditor can force a
sale of the asset. For purposes of this subsection, in the
case of married taxpayers, except in the case of a husband and
wife who live apart at all times during the tax year, the
assets and liabilities of both spouses shall be considered for
purposes of determining the taxpayer's net worth or the
taxpayer's debt to asset ratio.

Sec. 3. This Act is retroactive to January 1, 1986 for **tax** years beginning or after that date.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2491, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor

HOUSE FILE 2492

AN ACT

RELATING TO COMPENSATION FOR DEPARTMENT DIRECTORS AND OTHER PUBLIC OFFICIALS BY SPECIFYING SALARY RANGES, PROVIDING FOR COMPENSATION ADJUSTMENTS, AND MAKING CORRESPONDING AMENDMENTS TO THE CODE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. GENERAL SALARY RANGES -- EXCEPTIONS. The salary ranges in effect for the fiscal year beginning July 1, 1984, and subsequent fiscal years as provided in 1983 Iowa Acts, chapter 205, section 7 for appointed nonelected persons shall apply to all positions held by the appointed nonelected persons or their successors in the executive branch of state government for the fiscal year beginning July 1, 1986, except for the following:

1. Department directors whose salary ranges are specified in section 2 of this Act.
2. Full-time members of the state board of parole who shall be compensated within salary range 4.
3. The industrial commissioner who shall be compensated within salary range 4.
4. The members of the employment appeal board who shall be compensated within salary range 3.

The salary ranges referred to in subsections 2 through 4 mean the salary ranges specified in 1983 Iowa Acts, chapter 205, section 7.

Sec. 2. DEPARTMENTAL DIRECTOR'S SALARY RANGES.

1. The salary ranges for department directors are effective for the fiscal year beginning July 1, 1986, and the salary ranges shall remain in effect until otherwise provided by law:

	1986-1987	
	Fiscal Year	
	Minimum	Maximum
a. Department director's salary range 1	\$33,000	\$44,000
b. Department director's salary range 2	\$42,000	\$55,000
c. Department director's salary range 3	\$48,000	\$64,000

2. The following are department director's salary range 1 positions: department of inspections and appeals, and department of human rights.

3. The following are department director's range 2 positions: department of cultural affairs, department of elder affairs, department of general services, department of public safety, department of public health, department of personnel, department of commerce, department of corrections, and department of employment services.

4. The following are department director's range 3 positions: department of management, department of education, department of revenue and finance, department of economic development, department of human services, department of transportation, executive secretary of the state board of regents, and department of natural resources.

Sec. 3. COMPENSATION ADJUSTMENTS. Except as otherwise provided by law, the governor shall establish a salary for appointed nonelected persons in the executive branch of state government holding a position enumerated in sections 1 and 2 of this Act and in 1983 Iowa Acts, chapter 205, section 7 within the salary ranges provided for the positions. The conditions and considerations specified in 1983 Iowa Acts, chapter 205, section 6 shall apply when individual salaries are established and to the appointed nonelected incumbents receiving the salaries.

Sec. 4. APPROPRIATIONS. All statutory salaries established by the governor or as otherwise provided by law shall be paid from the appropriations made to the departments.

Sec. 5. Section 14.13, subsection 1, paragraphs c and d, Code Supplement 1985, are amended to read as follows:

c. Correct internal references to sections which are cited erroneously or have been repealed, and names of agencies, officers, or other entities which have been changed, when there appears to be no doubt as to the proper methods of making the corrections. ~~The Code editor shall compile-a-list~~ maintain a record of the corrections made under this paragraph ~~in-Code-editor's-notes-to-the-edition-of-the-Code-in-which-the~~ ~~earteetiens-ate-made.~~ ~~This-list~~ The record shall be available to the public.

d. Transpose sections or divide sections so as to give to distinct subject matters a section number but without changing the meaning and add or amend headnotes to sections and subsections. Pursuant to section 3.3, the headnotes are not part of the law.

Sec. 6. Section 14.13, subsections 2 and 3, Code Supplement 1985, are amended to read as follows:

2. The Code editor or designee, in carrying out the duties specified in this chapter relating to publication of the Code and the Iowa administrative code, shall edit ~~the-Code~~ them in order that words which designate one gender will be changed to reflect both genders when the provisions of law apply to persons of both genders. The Code editor or designee shall not make any substantive changes to the Code or Iowa administrative code while performing the editorial work. The Code editor or designee shall seek direction from the senate committee on judiciary and the house committee on judiciary and law enforcement when making any Code changes, and from the administrative rules review committee and the administrative rules coordinator when making Iowa administrative code changes, which appear to require substantial editing and which might otherwise be interpreted to exceed the scope of the Code editor's authority. The Code editor or designee shall maintain a record of the changes made under this subsection. The record shall be available to the public.

3. The effective date of all editorial changes in an edition of the Code or supplement to the Code is the date the legislative council approves the printing contract for publication of that edition or supplement. The effective date of all editorial changes for the Iowa administrative code is the date those changes are published in the Iowa administrative code.

Sec. 7. REPEALER. 1985 Iowa Acts, chapter 253, section 1 is repealed.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2492, Seventy-first General Assembly.

JOSEPH O'AERN
Chief Clerk of the House

Approved _____, 1986

TERRY E. BRANSTAD
Governor